



**FAIRA BOARD
MEETING
March 24, 2025**



FAIRA Key Contacts

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FAIRA MEETING CALENDAR 2025

MEETING DATES	TIME	MEETING	LOCATION
March 24, 2025 AS CALLED BY THE BOARD PRESIDENT	10:30am	Board and Executive Meeting	Sacramento Metropolitan Fire Headquarters 10545 Armstrong Ave, Suite 200 Mather, CA 95655
May 27, 2025	9:00am	Annual Premium and Budget Adoption Meeting	Fully Virtual via Microsoft Teams
June 2025	TBD	Annual Board Meeting	TBD
September 2025	TBD	Board and Executive Meeting	Sacramento Metropolitan Fire Headquarters 10545 Armstrong Ave, Suite 200 Mather, CA 95655

*All dates and meeting venues are subject to change as directed by the President of the Board

President

Chief Don Butz

Lakeside FPD
Lakeside, CA

Director

**Assistant Chief
Ryan McIntosh**

Central Lyon County FPD
Dayton, NV

Director

Ken Musso

South Placer FPD
Granite Bay, CA

Vice President

Chief Eric Walder

Waterloo- Morada FPD
Stockton, CA

Director

Chief Mike Sims

Bonita-Sunnyside FPD
San Diego, CA

Director

Deputy Chief Ty Bailey

Sacramento Metropolitan Fire
Mather, CA

Director

Michael Golden

North Central FPD
Kerman, CA

Director

Chief Jason Gibeaut

Northstar CSD
Truckee, CA

Director

Chief George Nunez

Aromas Tri-County FPD
Monterey, CA

Director

Chief Dustin Hail

Fresno FPD
Sanger, CA

Treasurer

Chief Brian Boggeln

Alpine FPD
Alpine, CA

Elected Executive Board Member

Rhonda Haynes

Orange County Fire Authority
Irvine, CA

Secretary

Chief Andy Lawler

San Miguel Consolidated FPD
Spring Valley, CA



1 Call to Order and Determination of a Quorum

Call to Order and Determination of a Quorum

2 Confirmation of Agenda

NOTICE AGENDA OF THE FIRE AGENCIES MEETING OF THE BOARD

March 24, 2025, at 10:30 a.m.

To be posted by all Districts in accordance with the Ralph M. Brown Act, California Government Code Section 54950, et seq.

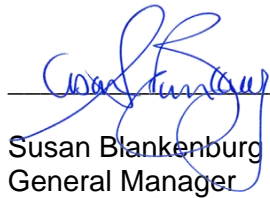
This meeting will be conducted in a manner that protects the statutory and constitutional rights of the parties or public appearing before the FAIRA Board of Directors. The Fire Agencies Insurance Risk Authority (FAIRA) will hold the Board Meeting on Monday March 24, 2025, at the following location:

Sacramento Metropolitan Fire Headquarters
10545 Armstrong Ave, Suite 200
Mather, CA 95655

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	I certify that this Authority Agenda was posted and sent by email to all Members of the Authority 72 hours before the noted meeting.	76



 Susan Blankenburg
 General Manager

Date: March 24, 2025

FAIRA, in complying with the Americans with Disabilities Act (ADA), requests individuals who require specific accommodations to access, attend or participate in the Board Meeting, due to disability, to please contact the General Manager at 415-536-4005 at least two (2) business days prior to the scheduled meeting to ensure that the Authority may assist you. Others with questions concerning this Agenda please contact the General Manager at 415-536-4005.

3 Public Comment

Oral Communications to the Board, opportunity for public comment with respect to matters not on the agenda.

This portion of the agenda may be utilized by any person to address the Board of Directors on any matter within the jurisdiction of FAIRA not listed on the agenda. Depending on the subject matter, per the Ralph M. Brown Act, the Board may not be able to respond at this time or until the specific item is placed on the agenda for a future meeting. Speakers are limited to three (3) minutes.

4 Approval of Meeting Minutes

4.1 December 9, 2024 Meeting Minutes



FIRE AGENCIES INSURANCE RISK AUTHORITY MINUTES OF THE BOARD AND EXECUTIVE BOARD MEETING

December 9, 2024 at 9:00 A.M.

To be posted by all Districts in accordance with the Ralph M. Brown Act, California Government Code Section 54950, et seq.

The meeting was held:

Via Microsoft Teams with all Directors attending the meeting virtually from their physical locations as posted in the Agenda.

Present: Eric Walder (Waterloo-Morada FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Michael Golden (North Central FPD); Dustin Hail (Fresno FPD); Ken Musso (South Placer FPD); Andy Lawler (San Miguel Consolidated FPD); Rhonda Haynes (Orange County FA); George Nunez (Aromas Tri-County FPD)

Staff: Susan Blankenburg (FAIRA); Tay Gonzalez (FAIRA); Natalie Bates (Gallagher); Zack Phillips (FAIRA)

Item 1 - CALL TO ORDER AND DETERMINATION OF A QUORUM

President Don Butz called the meeting to order at 9:00 a.m. Quorum was confirmed via roll call.

Item 2 – Confirmation of Agenda

A **motion** was made by **Mike Sims** to approve the agenda as presented in the Board packet. A second on the motion was provided by **George Nunez**.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Michael Golden (North Central FPD); Dustin Hail (Fresno FPD); Andy Lawler (San Miguel Consolidated FPD); Rhonda Haynes (Orange County FA); George Nunez (Aromas Tri-County FPD)

Not Present at Time of Vote: Ken Musso (South Placer FPD)

Item 3 - ORAL COMMUNICATIONS TO THE BOARD, OPPORTUNITY FOR PUBLIC COMMENT WITH RESPECT TO MATTERS NOT ON THE AGENDA

There were no public comments, and no written requests or statements were received.

Item 4- Approval of the Minutes of the September 16, 2024, Board and Executive Board Meeting

The minutes from the September 16, 2024, meeting were presented for approval. A motion was made by **Brian Boggeln** and seconded by **Michael Golden**. The motion passed unanimously.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Michael Golden (North Central FPD); Dustin Hail (Fresno FPD); Ken Musso (South Placer FPD); Andy Lawler (San Miguel Consolidated FPD); Rhonda Haynes (Orange County FA); George Nunez (Aromas Tri-County FPD)

Not Present at Time of Vote: Ken Musso (South Placer FPD)

Item 5.1- Website Streamline

FAIRA Staff introduced Streamline as a potential vendor for a new FAIRA website. Drew Woodruff of Streamline spoke briefly to the Board about the company.

Streamline specializes in website creation and maintenance for fire districts. They are a local and have a strong focus on customer service which is especially important to FAIRA. Staff reviewed the websites of Sacramento Metropolitan Fire and SDRMA, which were developed by Streamline, and found them to be user-friendly and functional.

President Butz asked if Streamline was aware of Brown Act requirements for public agencies. Mr. Woodruff assured the Board that they build into the website various tools to maintain compliance with Brown Act requirements as well as ADA requirements. They will also monitor and how these and other requirements develop over time.

The Board reviewed the proposal from Streamline as attached in the Board packet.

A motion was made by **Eric Walder** to approve engaging Streamline for their services as outlined in their proposal and seconded by **Mike Sims**.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Michael Golden (North Central FPD); Dustin Hail (Fresno FPD); Ken Musso (South Placer FPD); Andy Lawler (San Miguel Consolidated FPD); Rhonda Haynes (Orange County FA); George Nunez (Aromas Tri-County FPD)

Item 5.2- Online Application Programming Update

General Manager Susan Blankenburg outlined the need to upgrade FAIRA's online application system, noting that the current system is outdated and lacks functionality for seamless member interaction. The update aims to modernize and improve efficiency by streamlining processes and enhancing user experience. The new system will allow for easier updates and data retrieval.

Chris Rink, the original developer of FAIRA's application site, provided a proposal to update FAIRA's annual renewal application. He has worked with FAIRA for many years and has successfully developed similar systems for other organizations. According to the proposal attached in the Board meeting packet, the project is set to begin December 16, 2024, with a cost of \$10,000 as a one-time charge, with an annual maintenance fee of \$2,500.

Staff compared costs with other providers, noting that Risk Partners charges \$40,000 annually just for maintenance, while Origami has similar pricing.

A motion was made by **Eric Walder** to approve engagement of Chris Rink to perform the work outlined within the proposal and seconded by **Ty Bailey**.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Michael Golden (North Central FPD); Dustin Hail (Fresno FPD); Ken Musso (South Placer FPD); Andy Lawler (San Miguel Consolidated FPD); Rhonda Haynes (Orange County FA); George Nunez (Aromas Tri-County FPD)

Item 5.3 - Vendor Contracts

General Manager Susan Blankenburg provided an update on FAIRA's vendor contract review. Most agreements were already in compliance, but some needed updates. At the last Board meeting, three contracts were still outstanding. Since then, FAIRA finalized its contract with Bay Actuarial. However, Cuttone & Mastro, FAIRA's CPA firm, refused to sign an updated agreement and chose to end its relationship with FAIRA. The search for a new CPA firm is now underway.

Susan stressed the need for all vendors handling financial data to have proper insurance, including cyber liability. FAIRA had requested that Cuttone & Mastro obtain cyber liability coverage, as it is a standard requirement for those managing sensitive information. FAIRA even provided an affordable option through Gallagher, but the firm declined and decided to discontinue working with FAIRA.

The last remaining contract is with KCM, which typically uses its own agreement instead of FAIRA's standard contract. Discussions are ongoing, and Susan is hopeful an agreement will be reached. She reiterated that any vendor with access to FAIRA's financial data must carry general liability, professional errors and omissions, and cyber liability coverage. The Board discussed the importance of these protections and ensuring vendor agreements align with FAIRA's risk management standards.

No action

Item 5.4 - Change of Financial Auditor

FAIRA's long-standing financial auditor, Cuttone & Mastro CPAs, opted to end its 23-year relationship with FAIRA after declining to meet revised contract terms. General Manager Susan Blankenburg initiated a search for a new auditor. While a full RFP is not required, staff conducted an RFQ process to evaluate qualified firms.

Susan reached out to four firms to secure a new auditor and received several responses. Of the four firms contacted, Moss Adams has not responded, Gilbert & Associates declined due to capacity, and Marcino CPA is not taking on new business. Nigro & Nigro, which has extensive experience with fire districts, expressed strong interest and is willing to adjust its schedule to complete FAIRA's 2023-2024 audit.

Susan expects to finalize discussions with Nigro & Nigro shortly. Staff will seek approval to engage in an agreement with Nigro & Nigro at the next meeting of the Board.

No action

Item 5.5 - Claims Report

Zack Phillips provided an update on claims activity. As of the meeting date, eighteen claims were open under the current policy term. Since July 1, 2024, a total of twenty-five claims have been reported to George Hills. The breakdown of the claims is as follows: 8 liability claims, involving 5 member districts, with a total incurred amount of \$14,951; 9 auto physical damage claims, involving 10 member districts, with a total incurred amount of \$417,235; and 1 property claim, involving 1 member district, with a total incurred amount of \$18,000.

Zack assured the Board that the claims are being managed efficiently and that there are no outstanding concerns at this time. The Board discussed trends in claims activity and potential strategies for mitigating future risks.

No Action

Item 5.6 - Update on Staff Interaction with TPA

FAIRA Staff engaged with George Hills Claims Handling to ensure they understand FAIRA's new coverage structures. A follow-up call was conducted on October 21, 2024, to clarify processes and provide necessary documentation. Susan noted that future discussions with George Hills will be scheduled to ensure continued alignment with FAIRA's processes as needed. The Board acknowledged the importance of maintaining clear communication with FAIRA's third-party administrator.

No action

Item 5.7 - Fuel Management Survey

FAIRA conducted an initial Fuels Management Survey last year to assess Member District activities related to controlled burns and other fire mitigation efforts. The survey was prompted by concerns over districts conducting large-scale burns, sometimes beyond their jurisdiction, creating potential liability risks. Understanding the scope of these activities is essential for evaluating coverage options, setting appropriate deductibles, and developing standardized agreements. President Don Butz reiterated that unreported burns could pose significant financial risks to the pool. Tay Gonzalez then presented the updated survey,

designed in Google Forms, which will aid in collecting data on district practices to help FAIRA analyze and mitigate exposure.

No action

Item 5.8 - Discretionary Authority - Resolution 2024-2

The Board discussed granting the General Manager discretionary authority to approve expenditures up to \$50,000 per fiscal year, with any expenditures beyond this amount requiring Board approval. This resolution formalizes authority that has been exercised informally since FAIRA's inception, ensuring efficiency in handling necessary expenses. The Board emphasized the importance of maintaining fiscal oversight while providing operational flexibility. Susan confirmed that any expenditures within this limit would be reported to the Board at the next meeting for transparency.

A motion was made by **Eric Walder** to approve the resolution presented in the Board packet, as revised in the course of discussion, to give authority to the General Manager to utilize discretionary funds not to exceed \$50,000 per fiscal year. The motion was seconded by **Andy Lawler**.

The motion passed with approvals by: Eric Walder (Waterloo-Morada FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Michael Golden (North Central FPD); Dustin Hail (Fresno FPD); Andy Lawler (San Miguel Consolidated FPD); Rhonda Haynes (Orange County FA); George Nunez (Aromas Tri-County FPD)

Abstained: Ken Musso (South Placer FPD)

Item 6.1 - Prospecting Effort

Broker Natalie Bates provided an update on FAIRA's outreach efforts. The FDAC provided a list of their members, which FAIRA reviewed to identify prospective members for the pool.

Natalie mailed a brochure to approximately seventy-five prospects around November 10th. She plans to call Districts after the holidays and then send a second mailing sometime after that.

The Board discussed strategies for expanding membership and ensuring FAIRA's continued growth.

No action

Item 7.1 - Claims Payments Summary

Zack Phillips provided an overview of claims payments and noted that trust account balances are being managed efficiently. He assured the Board that there are no current financial concerns. Zack guided the Board through a review of financial and claims trends and discussed the importance of maintaining strong financial reserves.

No action

Item 7.2 - Confirmation of Premium Payments

General Manager Susan Blankenburg confirmed that all outstanding premium payments have been collected. The Board acknowledged the importance of ensuring timely premium

collection to maintain financial stability. Susan stated that she will continue to monitor payment timelines closely.

No action

Item 8 – Correspondence

Item 8.1 - Notice of General Counsel's Retirement

The Board received notice from General Counsel Dale Bacigalupi announcing his retirement at the end of 2024. Nick Clair will assume the role of General Counsel January 1, 2025. The Board expressed appreciation for Dale's contributions to FAIRA and wished him well in his retirement.

No action

Item 9 – Adjournment

The meeting was adjourned at 10:06 a.m.

Consideration and Possible Action

4.2 December 18, 2024 Special Meeting of the Board Minutes



FIRE AGENCIES INSURANCE RISK AUTHORITY SPECIAL BOARD AND EXECUTIVE MEETING MINUTES

December 18, 2024 at 3:30 P.M.

To be posted by all Districts in accordance with the Ralph M. Brown Act, California
Government Code Section 54950, et seq.

The meeting was held:

Via Microsoft Teams with all Directors attending the meeting virtually from their physical
locations as posted in the Agenda.

Present: Eric Walder (Waterloo-Morada FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Michael Golden (North Central FPD); Dustin Hail (Fresno FPD); Andy Lawler (San Miguel Consolidated FPD); Rhonda Haynes (Orange County FA); George Nunez (Aromas Tri-County FPD)

Absent: Ken Musso (South Placer FPD)

Staff: Susan Blankenburg (FAIRA); Tay Gonzalez (FAIRA); Natalie Bates (Gallagher); Zack Phillips (FAIRA)

Item 1 - CALL TO ORDER AND DETERMINATION OF A QUORUM

President Don Butz called the meeting to order at 3:30 p.m. Quorum was confirmed via roll call.

Item 2 – Confirmation of Agenda

A **motion** was made by **Rhonda Haynes** to approve the agenda as presented in the Board packet. A second on the motion was provided by **Andy Lawler**.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Michael Golden (North Central FPD); Dustin Hail (Fresno FPD); Andy Lawler (San Miguel Consolidated FPD); Rhonda Haynes (Orange County FA); George Nunez (Aromas Tri-County FPD)

Item 3 - ORAL COMMUNICATIONS TO THE BOARD, OPPORTUNITY FOR PUBLIC COMMENT WITH RESPECT TO MATTERS NOT ON THE AGENDA

There were no public comments, and no written requests or statements were received.

Item 4.1- Approval of New CPA

At the previous meeting, General Manager Susan Blankenburg reported that FAIRA's current CPA was unwilling to enter into an agreement with appropriate insurance and indemnification terms. As a result, FAIRA sought bids from other firms.

Susan informed the Board that FAIRA reached out to four firms, one of which was interested but could not meet the timeline requirements, as their earliest availability would be at the end of January 2025. Considering the need for early January filings, that firm was not a viable option.

Susan recommended Nigro & Nigro as the new CPA firm for FAIRA. She noted that their bid was in line with the other proposals received, they have extensive experience working with fire departments, and their proposed fee of \$16,500 is slightly below FAIRA's budget for this service. Additionally, Nigro & Nigro provided a certificate of insurance, including cyber liability coverage, which Susan emphasized as a critical factor when selecting vendors.

A motion was made by **Mike Sims** to approve the selection of Nigro & Nigro as FAIRA's new CPA. A second on the motion was provided by **George Nunez**.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Michael Golden (North Central FPD); Dustin Hail (Fresno FPD); Andy Lawler (San Miguel Consolidated FPD); Rhonda Haynes (Orange County FA); George Nunez (Aromas Tri-County FPD)

Item 4.2- Claim Settlement Request

Susan Blankenburg presented a property claim settlement request for Anderson, explaining that the total claim is approximately \$106,000. FAIRA's existing resolution requires Board approval for payments exceeding \$100,000. However, while the resolution specifies liability claims, it does not explicitly differentiate property and auto physical damage claims. Out of an abundance of caution, staff brought this item to the Board for approval.

Susan clarified that for property and auto physical damage claims, FAIRA strictly follows the carrier's forms and only pays deductible amounts. The Board will consider a revised resolution at the next meeting to clearly distinguish between distinct types of claims.

Susan requested approval for a settlement amount not to exceed \$120,000 to account for any outstanding invoices related to this claim.

A motion was made by **Ryan McIntosh** to approve a settlement amount not to exceed \$120,000. A second on the motion was provided by **Mike Sims**.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Michael Golden (North Central FPD); Dustin Hail (Fresno FPD); Andy Lawler (San Miguel Consolidated FPD); Rhonda Haynes (Orange County FA); George Nunez (Aromas Tri-County FPD)

Item 5 – Adjournment

Don Butz motioned to adjourn the meeting. Meeting adjourned at 3:47 pm

Consideration and Possible Action

5 General Manager's Report – Susan Blankenburg

5.1 Resolution Establishing Authority to Enroll New Members

The proposed resolution formally grants the General Manager the authority to approve new members to the pool with loss ratios below 40%. This authority has been informally exercised since FAIRA's inception and is now being codified as part of a broader effort to update and clarify FAIRA's governing resolutions.

In December 2023, FAIRA conducted a comprehensive review of its existing resolutions in collaboration with General Counsel. This review identified several resolutions that would be beneficial to implement, including the formalization of the General Manager's authority to approve new members. Many public entity pools use resolutions to document approved practices, ensuring consistency and reducing the need for frequent updates to legal documents such as Bylaws and Joint Powers Agreements (JPA).

Consideration and Possible Action

Action to be Considered: The Board will review resolution 2025-1 formalizing the General Manager's authority to approve new members with loss ratios below 40%.

FIRE AGENCIES INSURANCE RISK AUTHORITY

RESOLUTION NO. _____

**A RESOLUTION OF THE FAIRA BOARD OF DIRECTORS
GRANTING AUTHORITY TO THE GENERAL MANAGER TO APPROVE NEW
MEMBERS WITH SPECIFIC LOSS RATIOS**

WHEREAS, historical data indicates that a loss ratio of up to 40% has been a manageable and acceptable benchmark for new members; and

WHEREAS, empowering the General Manager to approve new members with loss ratios up to this historical mark will streamline the membership approval process and enhance operational efficiency.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Fire Agencies Insurance Risk Authority as follows:

The General Manager shall have the authority to approve new members with loss ratios of up to 40%. This policy is intended to expedite the membership approval process while maintaining the organization's financial stability.

This resolution shall remain in effect unless amended or revoked by the Board of Directors.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Fire Agencies Insurance Risk Authority held this 24th day of March, 2025.

APPROVED:

President, Board of Directors

Signature: _____

5.2 Resolution Waving Mid-Term Premiums under \$250

General Manager Susan Blankenburg consulted with the FAIRA President and Vice President regarding the potential need for a resolution to address the collection of nominal mid-term premiums. The collection process requires staff time from both FAIRA and George Hills, and in some cases, the administrative costs of processing small mid-term premium adjustments exceed the value of the premium itself. To improve efficiency, the attached resolution proposes waiving the billing and collection of mid-term premium adjustments under \$250 for any line of coverage, while premiums exceeding this amount will continue to be billed as usual.

Consideration and Possible Action

Action to be Considered: The Board will review resolution 2025-2 regarding the waiver of mid-term premium adjustments under \$250.

FIRE AGENCIES INSURANCE RISK AUTHORITY

RESOLUTION NO. _____

**A RESOLUTION OF THE FAIRA BOARD OF DIRECTORS
ESTABLISHING A POLICY TO WAIVE MID-TERM PREMIUMS UP TO \$250**

WHEREAS, the Fire Agencies Insurance Risk Authority (FAIRA) recognizes the administrative and financial inefficiency of processing invoices for minor additional premiums up to \$250; and

WHEREAS, the Board of Directors acknowledges that billing for small amounts often costs more than the premium itself, diminishing the value of such collections.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Fire Agencies Insurance Risk Authority as follows:

FAIRA shall waive the billing and collection of any additional, mid-term premium under \$250 for any line of coverage. This policy is intended to reduce administrative costs and improve operational efficiency. Premiums in excess of \$250 will continue to be billed accordingly.

This resolution shall remain in effect unless amended or revoked by the Board of Directors.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Fire Agencies Insurance Risk Authority held this 24th day of March, 2025.

APPROVED:

President, Board of Directors

Signature: _____

5.3 Resolution regarding Treasurer and Secretary Duties

During the review of FAIRA's Bylaws and JPA, General Manager Susan Blankenburg identified the need to formally define the duties of the Treasurer and Secretary positions on the Board. Historically, FAIRA's Financial Consultant has fulfilled all Treasurer-related responsibilities, while FAIRA's Administrative Analyst has handled the Secretary's duties. However, General Counsel advised that these positions must be officially assigned to Board members, even if the responsibilities are carried out by Staff.

Directors Brian Boggeln and Andy Lawler were appointed to the positions of Treasurer and Secretary respectively during FAIRA's June 2024 meeting of the Board.

Consideration and Possible Action

Action to be Considered: The Board will review Resolution 2025-3, which formally assigns the Treasurer and Secretary positions to Board members in accordance with legal guidance.

FIRE AGENCIES INSURANCE RISK AUTHORITY

RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FIRE AGENCIES
INSURANCE RISK AUTHORITY REGARDING THE
DUTIES OF THE TREASURER AND SECRETARY**

WHEREAS, the FAIRA Board of Directors has the authority to establish policies for the efficient management of the Authority; and

WHEREAS, the Board has decided to establish certain new policies pertaining to the office and duties of the Treasurer and Secretary pursuant to Government Code section 6505.6 and Article 9(b) of the Sixth Amended Joint Powers Agreement, and the Bylaws.

NOW, THEREFORE, THE BOARD OF DIRECTORS HEREBY FINDS AND DETERMINES AS FOLLOWS:

1. The duties of the FAIRA Treasurer, as set forth in the Sixth Amended Joint Powers Agreement and in the FAIRA Bylaws, may be delegated and carried out by: officers of FAIRA, an employee of Gallagher, or a Vendor Partner so designated to carry out such functions and with the authority delegated to do so.

2. The duties of the FAIRA Secretary, as set forth in the Sixth Amended Joint Powers Agreement and in the FAIRA Bylaws, may be delegated and carried out by: officers of FAIRA, an employee of Gallagher, or a Vendor Partner so designated to carry out such functions and with the authority delegated to do so.

3. The delegated duties for the Treasurer include, but are not limited to, the following tasks and responsibilities: banking, investing FAIRA surplus funds, preparing regular investment and financial reports for the Board, facilitating payment to FAIRA vendors and creditors.

4. The delegated duties for the Secretary include taking minutes of all meetings except executive/closed sessions and include in Board Packets.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Fire Agencies Insurance Risk Authority held this 24th day of March, 2024.

APPROVED:

President, Board of Directors

Signature: _____

5.4 Revision to Resolution Establishing Policies for Handling of Claims

General Manager Susan Blankenburg worked with General Counsel to revise Resolution 2024-1 based on the Board's direction. The original intent of the revision was to clarify how liability claims are handled, including the process for approving deductible payments and defining the roles of the General Manager and the Board. However, during the review, it became clear that Automobile Physical Damage and Property claims should also be included. To ensure a comprehensive and consistent approach, the updated resolution now details handling protocols for all three self-insured policies within a single document.

The revised resolution is attached below for the Board's discussion and decision.

Consideration and Possible Action

Action to be Considered: The Board will review and consider adoption of the revised Resolution 2024-1, which clarifies claims handling procedures for Liability, Automobile Physical Damage, and Property policies.

FIRE AGENCIES INSURANCE RISK AUTHORITY

RESOLUTION NO. 2024-1

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FIRE AGENCIES
INSURANCE RISK AUTHORITY ESTABLISHING POLICIES
FOR HANDLING CERTAIN LIABILITY AND OTHER CLAIMS**

WHEREAS, the FAIRA Board of Directors has the authority to establish policies for the efficient management of the Authority; and

WHEREAS, the Board has decided to establish specific policies governing the approval of liability claims where discretionary decisions are required to determine the most appropriate course of action, and where direction is required for settlement of other lines of coverage; and

WHEREAS, the Board recognizes that property, automobile physical damage, and other commercial policy claims are governed by specific follow-form policy terms and conditions that establish claim procedures;

NOW, THEREFORE, THE BOARD OF DIRECTORS HEREBY FINDS AND DETERMINES AS FOLLOWS:

A. LIABILITY CLAIMS

1. Third Party Claims Administrator (TPA) shall have authority to approve payment for liability claims up to \$10,000 per claim pertaining to all claims that are part of the agreement to manage.
2. General Manager shall have authority to approve the settlement of claims of \$50,000 or less. The decisions of the General Manager, shall be reported to the Board at the next scheduled meeting.
3. The General Manager with approval from the Board President and Vice President shall have authority to approve the settlement of claims of \$100,000 or less. The decision made shall be reported to the Board at the next scheduled meeting.
4. The Executive Committee shall have authority for recommending liability claims settlements of \$100,001+, and report to the full Board of Directors for approval. The timeline of obtaining Board approval will be dependent upon the nature of the suit and advice from our Litigation Manager and/or Legal Counsel retained.

The claims settlement authority levels noted above are excess of, and in addition to, any applicable Member Deductible.

**B. PROPERTY, AUTOMOBILE PHYSICAL DAMAGE, AND COMMERCIAL
POLICY CLAIMS**

1. Claims involving Property, Automobile Physical Damage, and other commercial policies shall be evaluated and resolved in strict accordance with the terms and conditions outlined in the respective follow-form policies on file. The General Manager is authorized to approve and execute instructions to the TPA for payment of claims within FAIRA' deductible limits for these policies. The General Manager shall report such payments to the Board at the next scheduled meeting.

The claims settlement authority levels noted above are excess of, and in addition to, any applicable Member Deductible.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Fire Agencies Insurance Risk Authority held this 24th day of March, 2025.

APPROVED:

President, Board of Directors

Signature: _____

5.5 Revision to Resolution Granting Discretionary Authority

During the Board meeting held on December 9, 2024, a Resolution was presented to grant the General Manager discretionary authority to approve expenditures that are not funded within the current budget but are deemed time sensitive. Recognizing the importance of addressing these matters promptly, the Board has decided to amend the proposed Resolution 2024-2. The amendment increases the expenditure limit from \$10,000 to \$50,000 per fiscal year.

The updated Resolution, drafted in its entirety, is available on the following page for your review and consideration.

Consideration and Possible Action

Action to be Considered: The Board will review and consider adoption of the amended Resolution 2024-2, which increases the General Manager's discretionary expenditure limit to \$50,000 per fiscal year.

FIRE AGENCIES INSURANCE RISK AUTHORITY

RESOLUTION NO. 2024-2

**A RESOLUTION OF THE FAIRA BOARD OF DIRECTORS
ESTABLISHING A POLICY TO DELEGATE DESCRETIONARY AUTHORITY TO
THE GENERAL MANAGER, FOR OPERATIONAL FLEXIBILITY**

WHEREAS, the FAIRA Board of Directors will delegate the authority to establish a policy for operational flexibility authority to the General Manager to approve business expenditures related to existing programs and operations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Fire Agencies Insurance Risk Authority as follows:

Under this resolution, the General Manager may exercise discretionary spending authority up to \$50,000 per fiscal year, provided that such expenses align with the Pool’s ongoing activities, and are time-sensitive in nature, arising outside of the timeline of regularly scheduled board meetings.

The General Manager shall ensure that expenditures under this delegated authority adhere to organizational policies, maintain operational integrity and support the objectives of the Pool. Furthermore, any discretionary funds spent by the General Manager must be reported at the following regularly scheduled board meeting.

This delegation is intended to streamline decision making for routine and incidental costs and shall remain in effect unless otherwise amended or revoked by the Board.

The Board may take action to approve additional authority, should the \$50,000 limit be exhausted.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Fire Agencies Insurance Risk Authority held this 24th day of March, 2025.

APPROVED:

President, Board of Directors

Signature: _____

5.6 Brokerage Agreement

FAIRA's current brokerage agreement requires notification to Gallagher in writing of its intent to renew six months prior to the expiration date. Board President Don Butz requested that the Brokerage Team secure terms for a new agreement to be considered at the March 2025 Board Meeting.

It is the Board's practice to secure long-term agreements for budget stability for the pool, particularly for agreements not subject to automatic renewal.

Natalie Bates, our Gallagher Broker, has successfully negotiated updated terms for a new five-year agreement. This agreement, enclosed for your review, has been updated and approved by Gallagher's legal team. Key updates include:

- **Legal Name Change:** The Broker's legal name has been updated from Arthur J Gallagher & Co. Insurance Brokers of CA to Gallagher Risk Management Services LLC.
- **Cyber Risk Liability Insurance:** This coverage has been added to the agreement.
- **Fee Schedule:** A fee schedule tied to the San Francisco CPI has been introduced, with a 2% minimum and 4% maximum.
- **Payment Terms:** Payments are due within 30 days, with a 1.5% interest charge applicable for late payments.
- **Indemnification Clause:** The clause now specifies that Gallagher will hold FAIRA harmless from losses arising from Gallagher's negligent acts or omissions, except where such losses arise from the client's actions or omissions. This is reciprocated in FAIRA's indemnification of Gallagher.
- **Insurance Coverage Requirements:** Language has been removed that stated that all insurance policies are subject to FAIRA's approval, including Gallagher's selected deductible.
- **Scope of Services:** Exhibit A has been revised to reflect the current level of services provided by the Broker, with no reduction in services.

Gallagher's legal team provided the agreement to Staff for review. Staff then forwarded it to Attorney Doug Alliston for legal review and comments. The agreement is attached for the Board's review.

Consideration and Possible Action

Action to be Considered: The Board will consider the proposed agreement with Gallagher for Brokerage services.

BROKERAGE AGREEMENT

**FIRE AGENCIES INSURANCE RISK AUTHORITY and
ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, LLC**

This Brokerage Agreement ("Agreement") is made and entered into and effective the 1st day of January 1, 2026 ("Effective Date") by and between FIRE AGENCIES INSURANCE RISK AUTHORITY, a public entity in California and Nevada ("Client" or "FAIRA"), and ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, LLC, a Delaware limited liability company ("Gallagher").

I. TERM AND TERMINATION

This Agreement shall commence on the Effective Date and shall end on December 31, 2031, unless extended by mutual agreement. Either party may terminate the Agreement at any time upon thirty (30) days' prior written notice to the other party. However, in recognition of the fact that Gallagher collects an Annual Fee at the beginning of each year, if Gallagher gives such notice after receiving its Annual Fee for a year, Gallagher will be responsible for continuing to perform for the rest of that year unless such notice was given for the reason stated in Section IV, Paragraph C.

II. OBLIGATIONS OF GALLAGHER

Gallagher will provide the services set out on Exhibit A attached hereto (collectively, the "Services") to Client. If the Services include the placement of insurance coverages, Gallagher will use its commercial best efforts to secure such insurance coverages on Client's behalf. In the event an insurance company cancels or refuses to place such insurance coverages, Gallagher will use its commercial best efforts to obtain the coverage from another insurance company. Further, Gallagher agrees to represent the Client honestly and competently.

III. OBLIGATIONS OF CLIENT TO PAY FEES

Gallagher will invoice the Annual Fee for payment within thirty (30) days of execution of this Agreement. The Annual Fee shall be as follows:

2026/2027	Annual	Base \$235,290
2027/2028	Annual	base fee plus the San Francisco CPI, not less than 2% or greater than 4%
2028/2029	Annual	base fee from 2027/2028 plus the San Francisco CPI, not less than 2% or greater than 4%
2029/2030	Annual	base fee from 2028/2029 plus the San Francisco CPI, not less than 2% or greater than 4%
2030/2031	Annual	base fee from 2029/2030 plus the San Francisco CPI, not less than 2% or greater than 4%

- A. Gallagher agrees that for the Services described on Exhibit A, it shall receive no additional or supplemental compensation of any kind from Client, other than the fee set forth in this paragraph and any such amounts set forth in paragraph IV below.

IV. DISCLOSURES

- A. In addition to such fees and commissions provided herein, Gallagher may also receive investment income on fiduciary funds temporarily held by it, such as premiums or return

premiums. Other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers, captive managers and similar parties, some of which may be owned in whole or in part by Gallagher's corporate parent, may earn and retain usual and customary commissions and fees in the course of providing insurance products to clients. Gallagher may also participate in contingent and supplemental commission arrangements with insurance companies. Contingent commission arrangements provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. Supplemental commissions, unlike contingents, are known at the effective date of the policy, but are typically paid later and apart from when usual and customary commission is paid. Any such fees or commission will not constitute compensation to Gallagher under Section III. above.

- B. Gallagher's fees under this Agreement shall be fully earned on the Effective Date (and any renewal thereof), and payable on invoicing. All amounts shall be due and payable to Gallagher in U.S. dollars, within thirty (30) days after Client's receipt of the applicable invoice. Any amounts not paid when due will accrue interest at the rate of one and one-half percent (1.5%) per month or the highest rate permitted by applicable law, whichever is less. Client shall inform Gallagher in the event that Client's business operations change substantially, including the applicable risks insured. Under such circumstances, Client and Gallagher will negotiate in good faith to adjust the amount of commission and/or fees to be paid to Gallagher hereunder.
- C. Client is responsible for payment of premiums for all insurance placed by Gallagher on its behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow Gallagher to terminate this Agreement, at its option, following thirty (30) days' written notice to Client. Further, the applicable insurance carrier may terminate the associated coverage for nonpayment. In addition, and not in lieu of the right to terminate, Gallagher reserves the right to apply return premiums or any other payment received by Gallagher on Client's behalf to any amounts owed by Client to Gallagher unless such return premiums or other payments are disputed by Client.
- D. Where applicable, insurance coverage placements which Gallagher makes on Client's behalf, may require the payment of federal excise taxes, surplus lines taxes, stamping or other fees, to the Internal Revenue Service (federal), various states(s) departments of revenue, state regulators, boards or associations. In such cases, Client is responsible for the payment of such taxes and/or fees, which will be identified separately by Gallagher on invoices covering these placements. Under no circumstances will these taxes or other related fees or charges be offset against the amount of Gallagher's brokerage fees or commissions referred to herein.
- E. Gallagher will not be operating in a fiduciary capacity, but only as Client's broker, obtaining a variety of coverage terms and conditions to protect the risks of Client's enterprise. Gallagher will seek to bind those coverages based upon Client's authorization; however, Gallagher can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact Gallagher with questions on these or any other issues of concern.

V. INDEMNIFICATION

- A. Gallagher agrees to indemnify and hold Client harmless from any third party loss, cost, damage, or expense (including reasonable attorney's fees) arising from the negligent acts or omissions of Gallagher, except to the extent that such losses and damages arise from the acts or omissions of Client or its employees or agents.

- B. Client agrees to indemnify and hold Gallagher harmless from any third party loss, cost, damage, or expense (including reasonable attorney's fees) arising from the negligent acts or omissions of Client, including any financial obligation to pay premiums to any insurance company, except to the extent that such losses and damages arise from the acts or omissions of Gallagher or its employees or agents.

VI. INSURANCE

Gallagher agrees to obtain and maintain in full force and effect during the term of this Agreement insurance, against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work provided by Gallagher, its agents, representatives or employees in performance of this Agreement. Insurance is to be placed with insurers with a current A. M. Best's rating of no less than A-VI. These requirements are subject to amendment or waiver if so approved in writing by FAIRA. Gallagher agrees to provide FAIRA with evidence of coverage in the form of a Certificate of Insurance.

Gallagher shall provide the following scope and limits of insurance:

- A. Minimum Scope of Insurance: Coverage shall be at least as broad as:
- (1) Insurance Services Office Form Commercial General Liability coverage (Occurrence Form CG 0001).
 - (2) Insurance Services Office form number CA 0001 covering Automobile Liability, including code 1, "any auto" and endorsement CA 0025, or equivalent forms subject to written approval of FAIRA.
 - (3) Workers' Compensation insurance as required by the Labor Code of the State of California and Employer's Liability insurance and covering all persons providing services on behalf of Gallagher and all risks to such persons under this Agreement.
- B. Minimum Limits of Insurance: Gallagher shall maintain limits of insurance no less than:
- (1) General Liability: \$2,000,000 general aggregate for bodily injury, personal injury and property damage.
 - (2) Automobile Liability: \$2,000,000 per accident for bodily injury and property damage.
 - (3) Workers' Compensation and Employer's Liability: Workers' Compensation as required by the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.
 - (4) Errors and Omissions: \$2,000,000 per claim.
- C. Other provisions: Insurance policies required by this Agreement shall contain the following provisions:

- (1) All Policies: The General Liability policy required by this Agreement shall be endorsed and state the coverage shall not be canceled by the insurer or other party to this Agreement, except after thirty (30) days prior written notice by certified mail, return receipt requested has been given to FAIRA.
 - (2) General Liability:
 - (i) FAIRA and their respective elected and appointed officers, officials, employees and volunteers are to be covered and named as additional insured as respects: liability arising out of activities of Gallagher under this Agreement; products and completed operations of Gallagher; premises owned, occupied or used by Gallagher. The coverage shall contain no special limitations on the scope of protection afforded to FAIRA, and its respective elected and appointed officers, officials or employees.
 - (ii) Gallagher's General Liability insurance coverage shall be primary insurance with respect to FAIRA, and its respective elected and appointed officers, officials, employees and volunteers. Any insurance or self insurance maintained by FAIRA, and its respective elected and appointed officers, officials, employees or volunteers, shall apply in excess of, and not contribute with, Gallagher's insurance.
 - (iii) Gallagher's General Liability, Automobile Liability and Employers Liability insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - (3) Workers Compensation, including Employer's Liability Coverage: The insurer shall agree to waive all rights of subrogation against FAIRA, and its respective elected and appointed officers, officials, employees and agents for losses arising from work performed by Gallagher.
- D. Other Requirements: Gallagher agrees to deposit with FAIRA, at or before the effective date of this Agreement, certificates of insurance necessary to satisfy FAIRA that the insurance provisions of this Agreement have been met. The certificates are to be signed by a person authorized by that insurer to bind coverage on its behalf.
- (1) The procuring of such required policy or policies of insurance shall not be construed to limit Gallagher's liability hereunder or to fulfill the indemnification provisions and requirements of this Agreement.

VII. OTHER PROVISIONS

- A. Assignment. Neither this Agreement, nor any duties or obligations hereunder shall be assigned by Gallagher without prior consent of Client. In the event of an assignment by Gallagher to which Client has consented, such assignment shall not be effective until the assignee agrees in writing with Client to assume, perform and be bound by the covenants and obligations of this Agreement.

- B. Notice. Any notice relating to this Agreement shall be given in writing and shall be deemed sufficiently given and served for all purposes when delivered personally or by generally recognized overnight courier service, or one business day after deposit in the United States mail, certified or registered, return receipt requested with postage prepaid addressed as follows:

TO CLIENT: Fire Agencies Insurance Risk Authority
c/o Susan Blankenburg, General Manager
595 Market Street, Ste. 2101
San Francisco, CA 94105

TO GALLAGHER: Arthur J. Gallagher Risk Management Services, LLC
Attention: Natalie Bates
595 Market Street, Ste. 2101
San Francisco, CA 94105

Either party may change its address by written notice to the other party in the manner set forth above.

- A. Entire Agreement. The terms and conditions and covenants of this Agreement, together with the exhibit to it, are intended by the parties as a final expression of their agreement with respect to its subject matter and may not be contradicted by evidence of any prior or contemporaneous agreement. This Agreement specifically supersedes any prior written or oral agreements between the parties with respect to its subject matter.
- B. Amendment. This Agreement, including the exhibit hereto, may be amended only by the mutual written agreement of the parties.
- C. Governing Law. This Agreement shall be governed by the laws of the State of California, and the rights and obligations of the parties hereto shall be construed and enforced in accordance with the laws of the State of California.
- D. Waiver. Any waiver at any time by any party hereto of its rights with respect to default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any other default or matter. The exercise by that party of any other remedy provided in this Agreement or at law.
- E. Severability. If any terms, provisions, conditions and covenants of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.
- F. Attorney's Fees. In the event of any legal or equitable proceedings between the parties arising under or in connection with this Agreement (including an action for enforcement of any of the terms of this Agreement or for breach of or default under this Agreement), the prevailing party in such action (whether by settlement, dismissal or judgment) shall be entitled to recover its reasonable costs and expenses incurred in connection with such action, including without limitation reasonable attorney's fees and costs of defense paid or incurred in good faith.
- G. No Third Party Beneficiary. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement or any person other than the parties to it and their respective permitted successors and assigns, nor is anything in this Agreement intended to

relieve or discharge any obligation of any third party to any party hereto or give any third person any right of subrogation or action over and against any party to this Agreement.

- H. Dispute Resolution. In the event of a dispute arising out of or relating to this Agreement, or the services to be rendered hereunder, the parties agree to resolve such disputes in the following manner: First, the parties agree to attempt to resolve such disputes through direct negotiations between assigned representatives of each party. If such negotiations fail to resolve the dispute, then the parties agree to try to try in good faith to settle the dispute through a mediation administered by the American Arbitration Association, or by employing the services of another neutral mediator upon which the parties can mutually agree. If negotiation and/or mediation fails to resolve the dispute, then the parties agree to resolve the matter by binding arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.
- I. Records. Gallagher will retain all Client files and documents for not less than five (5) years after the expiration of this Agreement. At Client's request, Gallagher shall provide Client with copies of all documents relating to its account, at no cost to Client.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above.

ARTHUR J. GALLAGHER RISK
MANAGEMENT SERVICES, LLC

FIRE AGENCIES INSURANCE RISK
AUTHORITY

By: _____

By: _____

Name: Michael Gallagher

Name: Don Butz

Title: Bay Area President

Title: FAIRA Board President

California Broker License No.

EXHIBIT A

The following outlines services provided by Arthur J. Gallagher Risk Management Services, LLC ("Gallagher") to the Fire Agencies Insurance Risk Authority ("FAIRA") over the term of this Agreement.

- Gallagher shall provide the following services to FAIRA in connection with the development, implementation and marketing of an insurance program for property, general liability and automobile liability risk of FAIRA Members. Gallagher shall use its best efforts to secure the following lines of insurance coverage on FAIRA's behalf: Liability, Excess Liability, Property, Automobile Physical Damage and Crime coverage.
- Meet with FAIRA at the beginning of each calendar year to establish goals, objectives, and a renewal strategy for the next fiscal year.
- Formulate a marketing strategy that focuses on delivering a cost-effective risk management strategy and structure based upon current market conditions.
- Provide an annual forecast of insurance premiums, service costs and program changes to assist FAIRA in preparing its budget by March 1st.
- Consult with FAIRA concerning risk identification and evaluation, loss control, rate adequacy, retention levels and funding options.
- Distribute all online applications and reconcile with FAIRA Members including:
 - a. Sending follow-up emails at 15 days;
 - b. Second follow-up after 20 days until applications are received;
 - c. Communicating with members who reported increases/decreases in exposure +/- 20% for verification with follow-up calls as needed .

Since Gallagher must rely upon information provided by FAIRA members, Gallagher cannot assume responsibility for the accuracy or completeness of such information.

- Work with FAIRA to produce comprehensive underwriting data and criteria and negotiate terms on behalf of FAIRA.
- Provide early notice of any deteriorating conditions in the insurance marketplace
- Formally present coverage submissions to agreed-upon insurance carrier(s) and negotiate terms on behalf of FAIRA.
- Summarize the results of executing the marketing strategy developed with FAIRA and communicate program recommendations.
- Provide consultation to FAIRA on exposures, existing coverage, and the desirability and/or feasibility of potential program changes when recommended by Gallagher or when requested by FAIRA.
- Assist any actuary hired to provide services to FAIRA; review and consult with FAIRA concerning any actuarial study performed with respect to FAIRA's self-insurance program; and make

recommendations concerning risk sharing, self-insured retention levels and funding requirements

- Management of the insurance program, including policy review, generating summaries of insurance, coverage outline, certificates of insurance, including contractual review, and other miscellaneous documentation as requested by FAIRA.
- Review carrier invoices on FAIRA's behalf to ensure accuracy and prepare premium allocations, per the current spreadsheet on file.
- Work with FAIRA's accountant to ensure the detail required on invoices is furnished.
 - a. Provide detailed explanation to accompany invoice of exposure changes +/- 20% year over year.
- Provide a professional standards proposal to the General Manager and a streamlined power point presentation to the Board, not to exceed 20 pages.
- Request change endorsements, as needed in compliance with each policies terms and conditions, ensuring accuracy and delivery in a timely manner.
- Monitor loss exposures and insurance programs as they relate to FAIRA's needs and provide recommendations concerning the same. Gallagher will provide a detailed loss summary to members when appropriate.
- If requested, provide an annual list of certificates of insurance and endorsements on policies placed by Gallagher.
- Prepare and submit to FAIRA an annual comprehensive written report on all activities conducted by Gallagher on behalf of FAIRA including placement of insurance coverages, program marketing, premium and loss information, and a summary of all insurance programs then in place.
- Consult with and provide FAIRA information concerning risk management, the insurance market, legislative and regulatory trends, and conditions throughout the term of the Agreement.
- Assist in the preparation and distribution of a request for a proposal for a third party claim administrator for FAIRA and assist FAIRA in selecting the third party claims administrator. Notwithstanding the foregoing, the selection of the third-party claims administrator shall be at FAIRA's sole discretion.
- Consult with and assist FAIRA with catastrophic claims and related disputes with carriers throughout the term of the Agreement.
- Accumulate and make available to FAIRA information in Gallagher possession regarding membership, claims, losses, premiums, exposures, finances, settlements and other data and information as reasonably required by FAIRA and in a timely manner.
- Assist FAIRA with periodic updates to its MOC, Bylaws, JPA and outreach for potential new members..
- Provide review of insurance related provisions in contracts.
- Provide personnel to meet with FAIRA's Board of Directors at regular and special meetings, and FAIRA members and prospective FAIRA members with respect to risk management and insurance issues.

- Whenever the Gallagher Client Executive is informed in writing by FAIRA that a claim has been notified to the primary carrier, Gallagher will notify all applicable excess carriers of the claim, unless FAIRA gives the Gallagher Client executive contrary instructions in writing, provided that Gallagher has placed the applicable excess policies or the Gallagher Client executive has received written notice from FAIRA of the applicable carrier and policies.
- Assist in prospecting activities, including identifying prospective members and establishing contact on behalf of the pool.
- Assist in accessing applicable loss control and risk-improvement services.

5.7 General Manager Agreement

The Board has expressed a preference to coordinate the renewal of the General Manager and Brokers agreements, as reiterated by Board President Don Butz. Susan Blankenburg, FAIRA's General Manager, has negotiated updated terms for a new five-year agreement, which are enclosed with updates provided by Gallagher's legal team. Key updates include:

- **Legal Name Change:** The legal name has been updated from Arthur J Gallagher & Co. Insurance Brokers of CA to Gallagher Risk Management Services LLC.
- **Vendor Details:** The GM contract includes responsibilities for services that have traditionally been provided by other professional service providers. Notes have been inserted to indicate where other parties are responsible, as per contracts on file. This includes TPA, CPA, General Counsel, Actuary, Accounting Services, Investment Firm, Financial Institution, and Litigation Management etc.
- **Cyber Risk Liability Insurance:** This coverage has been added to the agreement.
- **Public Officials'/Directors & Officers' Liability:** FAIRA will purchase a Directors and Officers (D&O) insurance policy specifically to cover the position of General Manager as a Named Insured. Legal noted that third parties cannot be added as Named Insureds to Gallagher's D&O policy or any D&O policy. FAIRA has received a quote of \$3,216.12 for a \$2 million policy limit to insure the General Manager under this coverage.
- **Fee Schedule:** A new fee schedule tied to the San Francisco CPI has been introduced, with a 2% minimum and 4% maximum, compared to the current 2% minimum and 5% maximum.
- **Payment Terms:** Payments are due within 30 days, with a 1.5% interest charge for late payments.
- **Insurance Language Cleanup:** Redundant language has been removed from the agreement.
- **Scope of Services:** Details have been added regarding insurance responsibilities, specifying that vendors are responsible for satisfying insurance obligations through contractual risk transfer in their agreements with FAIRA.

The agreement FAIRA received from Gallagher's legal team was reviewed by Attorney Doug Alliston, who has worked with FAIRA on multiple occasions, including the recent review of FAIRA's Memorandum of Coverage. The agreement is attached for the Board's review.

Consideration and Possible Action

Action to be Considered: The Board will consider the proposed agreement with Gallagher for General Management services.

AGREEMENT FOR GENERAL RISK MANAGEMENT & ADMINISTRATIVE SERVICES

**FIRE AGENCIES INSURANCE RISK AUTHORITY and
ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, LLC**

This Agreement for General Management Services (“Agreement”) is made and entered into and effective the 1st day of July , 2025 (“Effective Date”) by and between FIRE AGENCIES INSURANCE RISK AUTHORITY, a public entity in California and Nevada (“FAIRA”), and ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, LLC, a Delaware limited liability company (“Gallagher”) (collectively the “Parties”).

RECITALS

A. FAIRA is a Joint Powers Authority (“JPA”) organized and existing under the provisions of Government Code § 6500, et seq., and has contracted with Gallagher to provide general risk management and administrative services (“Services”).

B. Gallagher is a corporation licensed and authorized to do business in the State of California. Gallagher has made a proposal to FAIRA to provide Services to FAIRA, subject to the terms, conditions, and the payment of fees as described herein.

C. FAIRA and Gallagher have negotiated the terms of this Agreement in order to set forth the Services which Gallagher will provide to FAIRA and to set forth the terms and conditions under which FAIRA will pay fees to Gallagher.

I. TERM

The term of this Agreement is from July 1, 2025, through June 30, 2030, with options for two (2) one-year extensions, subject to the mutual agreement of the parties, and subject to the termination provisions of paragraph XVII.

II. GALLAGHER MANAGEMENT SERVICES

Susan Blankenburg of Gallagher will provide Services during the term of this Agreement. She will carry the title of the “General Manager” of FAIRA. The General Manager’s responsibilities will include:

A. **Insurance Responsibilities**

- (1) Distribute all online applications and reconcile.
- (2) Approve premium allocation spreadsheets; establish annual contributions to bill members.
- (3) Create the Budget required by FAIRA’s Governing Board of Directors (“Board”).
- (4) Review FAIRA's financial affairs and coordinate with outside financial services professionals hired by FAIRA.

- (5) Establish and maintain complete records for FAIRA, retaining electronic copies of all pertinent documents as required by law.
- (6) Provide oversight on claims administration within FAIRA's Deductible and/or Self-Insurance Retention working with Insurance carriers, Third Party Claims Administrators and any other involved parties.
- (7) The General Manager shall conduct a thorough review of claim's falling within the given authority level of the GM, prior to requesting settlement approval from the Board for all settlement amounts paid.
- (8) Prepare JPAs & Bylaws for new members and qualify all new members.
- (9) Collaborate with outside legal counsel, actuarial service providers and third party claim administrators and communicate group recommendations to the Board.
- (10) Inform the Board of trends in insurance, risk management, loss prevention, claims administration and other matters, which may impact FAIRA.
- (11) Provide management and administrative direction as directed and developed by FAIRA in operating the insurance and risk management program.
- (12) Assist the Board in the selection and retention of management partners including insurance companies, claim administration services, legal counsel, and all other consultants as necessary.
- (13) Study loss data, identify loss trends, review loss reserves and JPA risk-sharing formulas and keep the Board appraised.
- (14) Facilitate FAIRA service contracts with outside parties who will administer FAIRA member services and provide such contracts to FAIRA outside legal counsel for review and approval.
- (15) Develop recommendations for implementation of a program for the solicitation of new member Districts, working with FAIRA's insurance broker.
- (16) Collaborate with the assigned third party administrator to maintain accounting of losses within Deductible and report to the Board.

B. Public Relations and Membership Responsibilities

- (1) Manage the day-to-day operations of FAIRA.
- (2) Prepare meeting agenda materials, make reservations for meeting facilities and prepare minutes for the Board. Establish and maintain current schedules for FAIRA including meetings, audit filings and other important activities.
- (3) Prepare annual updates for website and member application, with IT developer.
- (4) Develop quarterly FAIRA webinars/E-learns, periodic newsletters, online

trainings and industry wide white papers.

- (5) Provide direction for loss control efforts for member districts, with input from the Board.
- (6) Represent FAIRA as a member in the California Association of Joint Powers Authorities, the Public Risk Management Association, AGRIP, the Public Agency Risk Managers Association, and other entities as required.
- (7) Initiate procedures, consistent with Board Policy and with Board approval, for the conduct of FAIRA operations.
- (8) Provide JPA & Bylaw updates, as approved by outside legal counsel, on an as needed basis.
- (9) Maintain Memoranda of Coverage.
- (10) Assist District's with Contract Review in conjunction with outside legal counsel.

C. **Additional Services Provided by Gallagher**

- (1) Office space for FAIRA's General Manager
- (2) Telephone
- (3) Answering machine
- (4) Facsimile machine
- (5) Voice mail
- (6) 800 telephone number
- (7) Personal vehicle transportation
- (8) Any additional duties or specific goals, and the time parameters, therefore, will be the subject of separate written memos and agreement between the parties.
- (9) Office equipment and files
- (10) Computers

III. FEE FOR SERVICES

Gallagher will invoice the Annual base fee for payment within thirty (30) days of execution of this Agreement,

2025/2026 "Annual Base Fee \$242,825.75

2026/2027 Annual base fee from 2025/2026 plus the San Francisco CPI, not less than 2% or greater than 4%

2027/2028 Annual base fee from 2026/2027 plus the San Francisco CPI, not less than 2% or greater than 4%

2028/2029 Annual base fee from 2027/2028 plus the San Francisco CPI, not less than 2% or greater than 4%

2029/2030 Annual base fee from 2028/2029 plus the San Francisco CPI, not less than 2% or greater than 4%"

Twenty-five percent (25%) of Gallagher's Annual base fee under this Agreement shall be fully earned on the Effective Date of this Agreement (and any anniversary thereof). All amounts shall be due and payable to Gallagher in U.S. dollars, within thirty (30) days after Client's receipt of the applicable invoice.

Should FAIRA terminate this Agreement within the first 90 days, Gallagher shall return seventy-five percent (75%) of the Annual base fee to FAIRA.

Should FAIRA terminate this Agreement any time **after** the first 90 days of the Agreement being in-force, Gallagher shall return a prorated portion of seventy-five percent (75%) of the Annual base fee to FAIRA.

At the mutual consent of both parties, this Agreement can be extended to offer additional years.

IV. EDUCATION

It is the intent of the Governing Board of FAIRA that the General Manager continues attending educational seminars sanctioned by the Insurance Education Association and other industry sanctioned seminars required by PARMA, PRIMA, AGRIP and CAJPA.

V. RENEWAL NOTICE

The parties hereto agree that six (6) months prior to the termination or expiration of this Agreement, the Board of Directors shall notify Gallagher in writing of its intent or desire to renew said contract. Absent written notification of the Board of Directors intent to renew the contract, the contract will expire as a matter of law and Gallagher's Services will conclude.

VI. STATUS OF GALLAGHER

A. Gallagher is and shall at all times during the terms of this Agreement remain a wholly independent contractor and not an officer, employee or agent of FAIRA. Gallagher shall have no authority to bind FAIRA in any manner or to incur any obligation, debt or liability of any kind on behalf of or against FAIRA, whether by contract or otherwise, unless such authority is conferred under this Agreement or is otherwise expressly conferred in writing by FAIRA.

B. The Gallagher personnel performing the Services under this Agreement shall at all times be under Gallagher's exclusive direction and control; neither FAIRA, nor any elected or appointed boards, officers, officials, employees or agents of FAIRA, shall have control over the conduct of Gallagher or any of Gallagher's officers, employees or agents, except as set forth in this Agreement. Gallagher shall not at any time or in any manner represent that Gallagher or any of Gallagher's officers, employees or agents are in any manner officials, officers, employees or agents of FAIRA.

C. Neither Gallagher, nor any of Gallagher's officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to FAIRA's employees. Gallagher expressly waives any claim Gallagher may have to any such rights.

VII. STANDARD OF PERFORMANCE

Gallagher represents that it has the qualifications, experience and facilities necessary to properly perform the Services required under this Agreement in a thorough, competent and professional manner. Gallagher shall always faithfully, competently and to the best of its ability, experience and talent, perform all Services described herein. In meeting its obligations under this Agreement, Gallagher shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing Services similar to those required of Gallagher under this Agreement.

VIII. COMPLIANCE WITH APPLICABLE LAWS, PERMITS AND LICENSES

Gallagher shall comply with all applicable federal, state and local laws, statutes, codes, ordinances, regulations and rules in effect during the term of this Agreement. Gallagher shall obtain any and all licenses, permits and authorizations necessary to perform the Services set forth in this Agreement. Neither FAIRA, nor any elected or appointed boards, officers, officials, employees or agents of FAIRA, shall be liable at law or in equity as a result of any failure of Gallagher to comply with this section.

IX. NONDISCRIMINATION

Gallagher shall not discriminate, in any way, against any person on the basis of race, color, religious creed, national origin, ancestry, sex, age, disability, marital status or sexual orientation in connection with or related to the performance of this Agreement.

X. UNAUTHORIZED ALIENS

Gallagher hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C., sections 1101, et seq., as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Gallagher so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any liability or sanctions be imposed against FAIRA for such use of unauthorized aliens, Gallagher hereby agrees to and shall reimburse FAIRA for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorney's fees, incurred by FAIRA.

XI. CONFLICTS OF INTEREST

A. Gallagher covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of the FAIRA, or which would in any way hinder Gallagher's performance of services under this Agreement. Gallagher further covenants that in the performance of this Agreement, no

person having such interest shall be employed by it as an officer, employee, agent, or subcontractor without the express written consent of the Board. Gallagher agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of FAIRA in the performance of this Agreement.

B. FAIRA understands and acknowledges that Gallagher is, as of the date of execution of this Agreement, independently involved in the performance of non-related services for other governmental agencies and private parties. Gallagher is unaware of any stated position of FAIRA relative to such projects. Any future position of FAIRA on such projects shall not be considered a conflict of interest for purposes of this section.

XII. CONFIDENTIAL INFORMATION; RELEASE OF INFORMATION

A. All information gained, or work product produced by Gallagher in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Gallagher. Gallagher shall not release or disclose any such information or work product to persons or entities other than FAIRA without prior written authorization from the General Manager, except as may be required by law. Gallagher does have authority to share necessary information with any third party retained by FAIRA to perform functions and provide Services to FAIRA. The sharing of such information will not be deemed in violation of any other restrictions stated herein.

B. Gallagher, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the General Manager or unless requested by the Attorney of FAIRA, voluntarily provide declarations, letters of support, testimony at depositions, responses to interrogatories or other information concerning the work performed under this Agreement. A response to a subpoena or court order shall not be considered “voluntary” provided Gallagher gives FAIRA notice of such court order or subpoena.

C. If Gallagher, or any officer, employee, agent or subcontractor of Gallagher, provides any information or work product in violation of this Agreement, then FAIRA shall have the right to reimbursement and indemnity from Gallagher for any damages, costs and fees, including attorneys fees, caused by or incurred as a result of Gallagher’s conduct.

D. Gallagher shall promptly notify FAIRA should Gallagher, its officer, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder, if permitted by law. FAIRA retains the right, but has no obligation, to represent Gallagher or be present at any deposition, hearing or similar proceeding. Gallagher agrees to cooperate fully with FAIRA and to provide FAIRA with the opportunity to review any response to discovery requests provided by Gallagher. However, this right to review any such response does not imply or mean the right by FAIRA to control, direct, or rewrite said response.

XIII. INDEMNIFICATION

A. Gallagher agrees to indemnify and hold harmless the FAIRA and its elected and appointed boards (individually and collectively, “Indemnitees”) from any and all claims, demands, costs or liability determined by a court of competent jurisdiction to have arisen from or

to be connected with Gallagher's negligent or wrongful acts, errors, or omissions in connection with the performance of this Agreement. Likewise, FAIRA agrees to indemnify and hold harmless Gallagher and its officers, employees, and subconsultants from any and all claims, demands, costs or liability determined by a court of competent jurisdiction to have arisen from or to be connected with the FAIRA's negligent or wrongful acts, errors, or omissions in connection with the performance of this Agreement. FAIRA agrees that its General Manager shall be included as an insured under FAIRA's Directors and Officers insurance policy and further agrees to provide proof of such insurance to Gallagher upon request.

B. If any action or proceeding is brought against Indemnitees by reason of any of the matters against which Gallagher has agreed to indemnify Indemnitees as provided above, Gallagher, upon notice from FAIRA, shall defend Indemnitees at Gallagher's expense by counsel acceptable to FAIRA, such acceptance not to be unreasonably withheld. Indemnitees need not have first paid for any of the matters to which Indemnitees are entitled to indemnification in order to be so indemnified. The insurance required to be maintained by Gallagher under Section XIV shall ensure Gallagher's obligations under this section, but the limits of such insurance shall not limit the liability of Gallagher hereunder. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

XIV. INSURANCE

Gallagher agrees to obtain and maintain in full force and effect during the term of this Agreement insurance, against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work provided by Gallagher, its agents, representatives or employees in performance of this Agreement. Insurance is to be placed with insurers with a current A. M. Best's rating of no less than A-: VI. These requirements are subject to amendment or waiver if so, approved in writing by the Board. Gallagher agrees to provide FAIRA with certificates of insurance upon request.

Gallagher shall provide the following scope and limits of insurance:

A. Minimum Scope of Insurance: Coverage shall be at least as broad as:

- (1) Insurance Services Office Form Commercial General Liability coverage (Occurrence Form CG 0001).
- (2) Insurance Services Office form number CA 0001 covering Automobile Liability, including code 1, "any auto" and endorsement CA 0025, or equivalent forms subject to written approval of FAIRA.
- (3) Workers' Compensation insurance as required by the Labor Code of the State of California and Employers Liability insurance and covering all persons providing services on behalf of Gallagher and all risks to such persons under this Agreement.
- (4) Cyber Risk Liability and Ransomware

B. Minimum Limits of Insurance: Gallagher shall maintain limits of insurance no less than:

- (1) General Liability: \$2,000,000 general aggregate for bodily injury, personal injury and property damage.
- (2) Automobile Liability: \$2,000,000 per accident for bodily injury and property damage.
- (3) Workers Compensation and Employers Liability: Workers' Compensation as required by the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.
- (4) Cyber Risk Liability \$2,000,000 Per Claim and \$4,000,000 Annual Aggregate, including Ransomware, against liability arising from theft, dissemination, and/or unauthorized use of confidential information of every type, including but not limited to credit monitoring and regulatory fines.

C. Other provisions: Insurance policies required by this Agreement shall contain the following provisions:

- (1) All Policies: The General Liability policy required by this Agreement shall be endorsed and state the coverage shall not be canceled by the insurer or other party to this Agreement, except after 30 days prior written notice by certified mail, return receipt requested has been given to FAIRA.
- (2) General Liability Coverage:
 - (i) FAIRA and their respective elected and appointed officers, officials, employees and volunteers are to be covered as additional insured as respects: liability arising out of activities Gallagher performs; products and completed operations of Gallagher; premises owned, occupied or used by Gallagher.
 - (ii) Gallagher's General Liability insurance coverage shall be primary insurance with respect to FAIRA, and its respective elected and appointed officers, officials, employees and volunteers. Any insurance or self insurance maintained by FAIRA, and its respective elected and appointed officers, officials, employees or volunteers, shall apply in excess of, and not contribute with, Gallagher's insurance.
 - (iii) Gallagher's General Liability, Automobile Liability and Employers Liability insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurers liability.

- (3) Employers Liability Coverage: The insurer shall agree to waive all rights of subrogation against FAIRA, and its respective elected and appointed officers, officials, employees and agents for losses arising from work performed by Gallagher.

XV. ASSIGNMENT

The expertise and experience of Gallagher are material considerations for this Agreement. FAIRA has an interest in the qualifications of and capability of the persons and entities who will fulfill the duties and obligations imposed upon Gallagher under the Agreement. In recognition of that interest, Gallagher shall not assign or transfer its duties or obligations this Agreement to any outside entity without the prior written consent of the Board. Any attempted assignment shall be ineffective, null and void, and shall constitute a material breach of this Agreement, entitling FAIRA to any and all remedies at law or in equity, including summary termination of this Agreement. FAIRA acknowledges, however, that Gallagher, in the performance of its duties pursuant to this Agreement, may utilize subcontractors or assign the General Manager's duties to another Gallagher professional to complete the Services stated in this Agreement.

XVI. CONTINUITY OF PERSONNEL

Gallagher shall make every reasonable effort to maintain the stability and continuity of Gallagher's staff assigned to perform the Services required under this Agreement. Gallagher shall notify FAIRA of any changes in Gallagher's staff assigned to perform the Services required under this Agreement, prior to any such performance, and such changes shall be subject to the mutual consent of the Parties.

XVII. TERMINATION OF AGREEMENT

A. FAIRA may terminate this Agreement, with or without cause, at any time by giving thirty (30) days written notice of termination to Gallagher. In the event such notice is given, Gallagher shall cease immediately all work in progress, but shall provide those Services necessary to assist FAIRA's transition to another administrator during such thirty (30) period.

B. Gallagher may terminate this Agreement effective at the end of any contract year upon sixty (60) days written notice of termination to FAIRA. Such notice will not relieve FAIRA of the payment of fees as stated in Section III.

C. Upon termination of this Agreement by either Gallagher or FAIRA, all property belonging exclusively to FAIRA which is in Gallagher's possession shall be returned to FAIRA.

XVIII. DEFAULT

In the event that either party is in material default under the terms of this Agreement, such that either party fails to perform or materially comply with any of the covenants, agreements or terms or conditions of this Agreement applicable to the Services and such failure continues for more than thirty (30) days after the defaulting party has been provided notice in

writing by the non-defaulting party, the non-defaulting party shall have no obligation or duty to continue to perform under this Agreement and may terminate this Agreement immediately by written notice to the defaulting party.

XIX. NOTICES

All notices required or permitted to be given under this Agreement shall be in writing and shall be delivered via acceptable courier with a signature required, a copy of which may also be sent via email as a courtesy, addressed as follows:

To FAIRA: Fire Agencies Insurance Risk Authority
 c/o Chief Don Butz
 Lakeside Fire Protection District
 12216 Lakeside Avenue
 Lakeside, CA 92040
 dbutz@lakesidefire.org

To Gallagher: Arthur J. Gallagher Risk Management Services, LLC
 Ms. Susan Blankenburg, FAIRA, General Manager
 595 Market Street, Suite 2100
 San Francisco, California 94105
 Susan.Blankenburg@ajg.com
 cc: Gallagher Brokerage Division General Counsel
 2850 Golf Rd.
 Rolling Meadows, Illinois 60008

Notice shall be deemed effective on the date personally delivered or transmitted by facsimile or, if mailed, three (3) days after deposit of the same in the custody of the United State Postal Service.

XX. MODIFICATION OF AGREEMENT

No amendment to or modification of this Agreement shall be valid unless made in writing and approved by Gallagher and by the Board. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

XXI. LAW TO GOVERN; VENUE

This Agreement shall be interpreted, construed and governed according to the laws of the State of California.

XXII. ATTORNEY'S FEES, COSTS AND EXPENSES

In the event litigation or other proceeding is required to enforce or interpret any provision of this Agreement, the prevailing party in such litigation or other proceeding shall be entitled to any award of reasonable attorneys' fees, costs and expenses, in addition to any other relief to which it may be entitled.

XXIII. ENTIRE AGREEMENT

This Agreement, including the attached Exhibit, is the entire, complete, final and exclusive expression of the parties with respect to the matters addressed therein and supersedes all other agreements or understandings, whether oral or written, or entered into between Gallagher and FAIRA prior to the execution of this Agreement. No statements, representations or other agreements, whether oral or written, made by any party which is not embodied herein shall be valid and binding. No amendment to this Agreement shall be valid and binding unless in writing duly executed by the parties or their authorized representatives.

The Agreement is extended and executed on the dates indicated by the parties.

Date: _____

Arthur J. Gallagher Risk Management Services, LLC

Date: _____

FIRE AGENCIES INSURANCE RISK AUTHORITY

Chief Don Butz, Board President

5.8 Appointment of New General Counsel

Following the retirement of Dale Bacigalupi, Nick Clair from Lozano Smith has been introduced as our new General Counsel. Nick brings extensive experience in municipal law and has demonstrated a comprehensive understanding of Joint Powers Authority (JPA) and other JPA documents, formal coverage agreements, and resolutions.

During our initial discussions, Nick and I reviewed the operational framework of FAIRA, including:

- **Board Meetings:** Conducting two to four sessions annually.
- **Agenda Review:** Ensuring all agendas are submitted for legal assessment.
- **Contract Approvals:** Requiring legal endorsement of FAIRA contracts prior to execution by the Board President.
- **Resolution Development:** Utilizing established templates for drafting new resolutions.
- **Budget Considerations:** Operating within an annual legal services budget of \$10,000.

Since his appointment, we have worked on several projects, primarily resolution updates, several contract reviews (renewals of existing agreements), and the development of a template agreement for districts transferring the insurance obligation for long-term vehicle loans.

The first full month's invoice from Lozano Smith raised concerns. The bill, totaling just under \$5,000, lacked detailed descriptions and was not in chronological order. Staff had to manually organize the charges and repeatedly request additional details. We also noted:

- The time required to complete tasks appeared two to three times longer than similar work performed by Dale.
- In some instances, two attorneys were billing for the same project. When questioned, we were informed that this was due to their practice of "peer reviewing" each other's work.
- One specific case involved a vehicle lease agreement, for which staff requested notification if the scope exceeded 2-3 hours. Despite this, we were billed 7.4 hours, totaling \$1,165, without prior notice.

While we continue gathering further information from Lozano Smith, staff has kept the Board President and Vice President informed. At their request, we have undertaken a Request for Qualifications to identify legal firms with experience in general counsel services. We have contacted four firms, of which three have expressed interest and are in the process of submitting their qualifications.

A summary of the responses to our Request for Qualifications will be presented to the Board for consideration.

Consideration and Possible Action

Action to be Considered: The Board will discuss the responses to FAIRA's Requests for Qualifications and may provide direction to staff.

5.9 LCW Presentation Schedule

FAIRA has previously discussed working with Liebert Cassidy Whitmore (LCW) to provide training aimed at strengthening and improving members' safety protocols. While attending the LCW Employment Law Conference in San Diego, several relevant presentations were identified that would be valuable for our membership.

LCW offers remote presentations at a cost of \$2,500 per session, as well as live presentations with a travel expense fee of \$750 for presentation with more than one and a half hours of travel required. These sessions will be rolled out to the membership over the course of the year.

Proposed training dates include:

1. April 11th- Virtual Workshop presented by: Joung Yim

Defending Employment Litigation Matters Involving Fire Personnel- This presentation will focus on the unique challenges and considerations faced when defending against employment litigation involving firefighters. We will provide insights into handling claims of discrimination, retaliation, wrongful harassment, and other common employment disputes involving firefighters. We will also explore the legal standards and protections that are unique to firefighters. We will discuss and analyze the nuances in defending against employment claims involving fire personnel, including when there are related ongoing administrative or criminal investigations, pending Public Records Act requests, pending discipline, the threat of related widespread litigation, and/or media scrutiny. Attendees will gain practical strategies for effectively managing these cases as well as mitigating risks.

2. June 9th- In-Person at FAIRA's Annual Board Meeting presented by Emanuela Tala

Artificial Intelligence: Navigating Legal Issues Implicated by Public Agency Use of the Technology. In this wide-ranging presentation, we will survey legal and practical developments related to the use of artificial intelligence (AI). The presentation will cover labor and employment issues implicated by AI, including AI-driven decision-making in hiring, employee monitoring, and evaluation. The presentation will also address issues related to the emerging use of AI, including the misuse and abuse of such technology, bias and discrimination, and public trust. The presentation will conclude with a discussion on the use of AI by employees, including personnel policies related to AI and best practices to reduce legal exposure related to employee use of the technology.

3. August 8th- Virtual Workshop presented by: Joung Yim

Posts and Memes and Blogs! -- Oh My! Social media has given employees a method to instantaneously share thoughts, observations and criticisms with thousands of people. What can an agency do if a fire employee's social media is inappropriate, negatively impacts the agency, or reflects poorly on the agency? What policies can an agency implement to address a fire employee's social media use on and off-duty and when do social media policies go too far? This presentation will use examples ripped from the headlines to explore the intersection between discipline and a fire employee's First Amendment Rights. We will give you practical advice on how to navigate this winding road from beginning to end. Join us for a lively and topical presentation.

Receive and File

5.10 Board of Directors Elections 2025

In accordance with our JPA, FAIRA's Board Members hold the seat for their District for four (4) year terms. Those elected during the coming election cycle will serve for a term from July 1, 2025 to July 1, 2029. The following Districts are due for election:

- Alpine FPD
- Aromas Tri- County FPD
- Bonita Sunnyside FPD
- Lakeside FPD

Staff initiated the election processes via electronic means of communication. Nomination ballots were sent via email to all FAIRA Member Districts on March 12th. Nomination ballots are due for return to staff no later than May 1st. Ballots will be sent via email once the nominations have been collected. Staff will report further at the Annual Board Meeting in June.

Receive and File



Fire Agencies Insurance Risk Authority

Date: March 12, 2025
To: FAIRA Member Agencies
Subject: **Notice of Nomination and Election Procedures for the 2025 Election to the Authority's Governing Board**

In accordance with the Fire Agencies Insurance Risk Authority's Sixth Amended Joint Powers Authority Agreement (JPA), four (4) positions of the Governing Board ("Board") must be filled by election prior to July 1, 2025. The following Member Agencies are eligible for re-election:

Alpine FPD
Aromas Tri-County FPD
Bonita Sunnyside FPD
Lakeside FPD

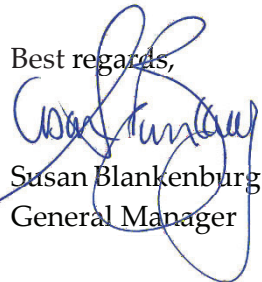
Should your Agency wish to nominate an individual to represent it in the election, that person must hold a position within your Agency that is one of the following:

- A Member of the Legislative Body;
- The Administrative Officer;
- The Fire Chief; or
- A Staff Person responsible for the Risk Management Function.

After your Agency nominates the individual by formal action, please submit a Nomination Form (enclosed) listing that individual as a nominee as well as a short biographical statement. Forms are required to be sent no later than May 1, 2025 to FAIRA by email to tay_gonzalez@ajg.com

Nominees will be placed on a ballot that will be sent to all Member Agencies. Each will then be able to vote for four (4) of the nominees, who will then fill the four (4) open Board positions. Should you have any questions concerning this matter, please contact Tay Gonzalez directly.

Best regards,



Susan Blankenburg
General Manager

Enclosure (Nomination Form)

5.11 Fuel Management Survey Results

As of January 27th, twenty-eight districts had responded to the Fuel Management Survey distributed by staff on January 2nd. Staff conducted follow-up outreach to the outstanding districts, resulting in five additional responses. To further encourage participation, staff contacted all non-responding districts and extended the survey deadline to February 19th. By the close of the extended deadline, a total of forty-two districts had completed the survey.

The following activity was recorded by the survey:

- Prescribed Fire using drip torches and/or other hand firing tools?
 - 16 yes, in some capacity
 - 7 perform prescribed burns beyond their District
 - 11 answered yes to Broadcast Burn
 - 7 do this outside their District
 - 14 answered yes to Pile Burn
 - 9 do this outside their District
 - 4 do NOT have a burn plan developed prior to action
- Does your District perform live fire burn training in vegetation?
 - 19 answered yes
 - 7 do this beyond their District
- Use chemical herbicide treatment through ground or aerial treatment?
 - 3 answered yes
 - 2 do this beyond their District
- Use Live Animals for vegetation management?
 - 9 yes, in some capacity
- Air Curtain Burner or Air Curtain Incinerator?
 - 1 yes and not exclusively within their District
- Excavator with Masticator/Mulcher attachment?
 - 14 yes, in some capacity
 - 6 do this beyond their District
- Bulldozer for Crushing and/or Chaining?
 - 5 yes, in some capacity
 - 3 do this beyond their District

Receive and File

Hello FAIRA Members,

As the need for controlled burns becomes increasingly critical, we recognize that many of our members are undertaking this new and potentially hazardous responsibility. To ensure these operations are conducted as safely as possible, we have developed a survey, accessible at the following link <https://forms.gle/6W53tiGbuh9VLwxH7>, to gather important data and guide our best practices.

The following steps are essential for the safe execution of controlled burns:

1. **Exposure Analysis:** Collect data through the provided survey to assess potential risks.
2. **Preliminary Go/No-Go Checklist:** Complete this checklist to evaluate readiness and compliance.
3. **Adherence to Standards:** Follow guidelines established by FIREScope, Cal Fire and/or the U.S. Department of Agriculture- US Forest Service (National Wildfire Coordinating Group) as the benchmark for safe operations
4. **Risk Transfer and Agreements:** Utilize proper agreements to manage and transfer risk when partnering with other agencies or entities.

Our goal is to ensure that all member agencies' operations, including controlled burns, are backed by adequate liability coverage at the lowest possible insurance rates. By demonstrating adherence to best practices and prioritizing safety, we protect our members and facilitate the successful completion of each controlled burn.

Thank you for your attention to this critical matter. Please complete the survey by January 23rd to assist us in achieving these objectives.

Best,

Tay Gonzalez

Administrative Analyst

FAIRA

Office: 415-536-4004

Tay_gonzalez@ajg.com



5.12 Annual Board Meeting- June 9, 2025

FAIRA's annual Board meeting is traditionally scheduled for the third Monday of the designated meeting month. Based on this convention, the meeting would be held on June 16; however, FAIRA also hosts its Annual Board Dinner the evening before, which this year would fall on Sunday, June 15, coinciding with Father's Day. To avoid this conflict, June 9 had previously been suggested as an alternative meeting date.

Staff proposes holding the meeting at Gallagher's San Diego office and is seeking direction from the Board regarding the preferred date and location for the annual meeting.

Receive and File

6 Finance Report- Zack Phillips

6.1 Claims Update

Zack Phillips will provide an update on claims that have settled over \$10,000 in the current insurance term.

Coverage	Total Paid (First Dollar)	Total Incurred (First Dollar)	Net Incurred (above Member Deductible)	Date of Loss	Status
Property	\$111,607.06	\$112,355.06	\$107,355.06	9/24/2024	Open
APD	\$100,000.00	\$100,000.00	\$95,000.00	9/19/2024	Open
Property	\$0.00	\$50,000.00	\$45,000.00	1/2/2025	Open
APD	\$44,082.46	\$44,082.46	\$39,082.46	7/25/2024	Closed
APD	\$0.00	\$30,000.00	\$25,000.00	11/30/2024	Open
APD	\$29,916.76	\$29,916.76	\$24,916.76	7/14/2024	Closed
APD	\$22,510.15	\$22,510.15	\$17,510.15	7/15/2024	Closed
APD	\$0.00	\$22,000.00	\$17,000.00	12/7/2024	Open
Liability	\$0.00	\$21,600.00	\$21,600.00	10/4/2024	Open
Property	\$0.00	\$20,000.00	\$15,000.00	11/22/2024	Open
APD	\$0.00	\$16,000.00	\$11,000.00	10/9/2024	Open
APD	\$10,170.54	\$10,170.54	\$5,170.54	10/16/2024	Closed
Property	\$0.00	\$10,000.00	\$5,000.00	1/22/2025	Open
APD	\$0.00	\$10,000.00	\$5,000.00	1/16/2025	Open
Liability	\$9,256.66	\$9,256.66	\$9,256.66	8/3/2024	Closed
APD	\$9,237.43	\$9,237.43	\$4,237.43	11/4/2024	Closed
APD	\$8,448.00	\$8,448.00	\$7,448.00	9/22/2024	Closed
APD	\$0.00	\$8,000.00	\$3,000.00	2/4/2025	Open
APD	\$7,025.35	\$7,025.35	\$6,025.35	9/9/2024	Closed
APD	\$6,999.45	\$6,999.45	\$1,999.45	9/27/2024	Closed
Liability	\$0.00	\$6,700.00	\$6,700.00	7/22/2024	Open
APD	\$6,070.54	\$6,070.54	\$5,070.54	7/23/2024	Closed
Liability	\$0.00	\$5,000.00	\$5,000.00	9/13/2024	Open
APD	\$3,352.59	\$3,352.59	\$2,352.59	7/24/2024	Closed
Liability	\$2,691.46	\$2,691.46	\$2,691.46	11/5/2024	Closed
Liability	\$2,326.24	\$2,326.24	\$2,326.24	9/23/2024	Closed
Liability	\$0.00	\$2,000.00	\$2,000.00	9/17/2024	Open
Liability	\$1,800.00	\$1,800.00	\$1,800.00	9/23/2024	Closed
Liability	\$0.00	\$1,500.00	\$1,500.00	9/1/2024	Open
Liability	\$0.00	\$1.00	\$1.00	9/19/2024	Open
Liability	\$0.00	\$0.00	\$0.00	12/24/2023	Closed
Property	\$0.00	\$0.00	\$0.00	11/22/2024	Closed
APD	\$0.00	\$0.00	\$0.00	12/10/2024	Closed
APD	\$0.00	\$0.00	\$0.00	12/4/2024	Closed
APD	\$0.00	\$0.00	\$0.00	7/2/2024	Closed
APD	\$0.00	\$0.00	\$0.00	12/13/2024	Open
APD	\$0.00	\$0.00	\$0.00	9/7/2024	Closed
APD	\$0.00	\$0.00	\$0.00	2/11/2025	Open

Liability	\$0.00	\$0.00	\$0.00	10/6/2024	Open
Liability	\$0.00	\$0.00	\$0.00	8/11/2024	Closed
Liability	\$0.00	\$0.00	\$0.00	8/9/2024	Open
Property	\$0.00	\$0.00	\$0.00	1/20/2025	Closed
APD	\$0.00	\$0.00	\$0.00	12/6/2024	Closed
Liability	\$0.00	\$0.00	\$0.00	6/27/2024	Closed
Liability	\$0.00	\$0.00	\$0.00	5/22/2024	Closed
APD	\$0.00	\$0.00	\$0.00	10/4/2024	Closed
APD	\$0.00	\$0.00	\$0.00	9/14/2024	Closed
Liability	\$0.00	\$0.00	\$0.00	8/7/2024	Open
APD	\$0.00	\$0.00	\$0.00	8/19/2023	Closed
APD	\$0.00	\$0.00	\$0.00	10/20/2024	Open
APD	\$0.00	\$0.00	\$0.00	10/26/2024	Closed
APD	\$0.00	\$0.00	\$0.00	1/17/2025	Closed
Grand Total	\$375,494.69	\$579,043.69	\$495,043.69		
Liability Total	\$16,074.36	\$52,875.36	\$52,875.36		
APD Total	\$247,813.27	\$333,813.27	\$269,813.27		
Property Total	\$111,607.06	\$192,355.06	\$172,355.06		

Receive and File

6.2 Audited Financials

In accordance with the requirements of our JPA, FAIRA conducts an annual audit of its finances. Zack Phillips will present the results of this year's audit. This year, FAIRA has partnered with a new CPA firm, Nigro & Nigro, to perform the audit, replacing the previous firm, Cuttone & Mastro. We are pleased with the results of this new partnership and are confident in the firm's ability to continue supporting FAIRA's financial oversight in the future.

Receive and File

7 Broker's Report- Natalie Bates

7.1 Renewal Update

FAIRA General Manager, Susan Blankenburg, and Broker, Natalie Bates, have worked with Chris Rink to develop a new renewal application for the 2025-2026 term. The completed application portal was delivered on February 17, 2025, and Natalie distributed applications on February 18, 2025, with a due date of March 11, 2025.

The updated application introduces several new features, including the ability for districts to export vehicle and property schedules of values (SOVs) directly from the application. Additionally, the platform now allows multiple users to collaborate on applications simultaneously, streamlining the process and enhancing efficiency.

Natalie will provide a report to the Board regarding the state of the insurance marketplace as it relates to the coverages for FAIRA's 2025-2026 term.

Receive and File



Fire Agencies Insurance Risk Authority (FAIRA)

24/25 Stewardship & 25/26 Renewal Strategy

Presented: March 3, 2025

Arthur J Gallagher Risk Management Services, Inc.

Natalie Bates | Client Service Manager
natalie_bates@ajg.com | 949.349.9856



Gallagher

Insurance | Risk Management | Consulting



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Overview

Thank you for the opportunity to present this Strategic Review. The purpose of the report and this meeting is to set the stage for your upcoming **General Liability, Commercial Automobile, Professional Liability, Property, Crime, Cyber and Excess Liability** renewals. The intent of our CORE360™ approach is to help you optimize your total cost of risk, thereby improving your profitability, and this discussion is critical to this evaluation.

The report summarizes the key accomplishments from your last renewal (current program) and it examines the current marketplace, our past results and any changes to your organization or risk appetite. It also challenges our past work and suggests future improvements.

We highlight each CORE360™ cost driver, beginning with Insurance Premiums and ending with Contractual Liability. This will not only organize the document, but also ensure we are deliberate in driving value to each of your six cost drivers which represent your total cost of risk.

This is an interactive process and we look forward to your strategic input to ensure a successful renewal. The results of this strategy will then be summarized in the Executive Summary, which will accompany your renewal proposal. We know that you have a choice and we appreciate your business.


Based on our past risk strategies (Stewardship Scorecard) and results, the current State of the Market and any changes of risk or risk appetite, the overriding goal of this meeting is to answer the following questions:

- What is our go-to-market strategy by line of coverage?
- Do we approach additional markets, and if so, which ones?
- What are our renewal expectations or goals by cost driver?
- What additional tools or resources do we need to implement?




CORE360™ Stewardship Scorecard

Your CORE360™ Stewardship Scorecard has been developed for you to get a quick snapshot of how we've impacted your total cost of risk over time, by monetizing the cost of risk changes by cost driver.



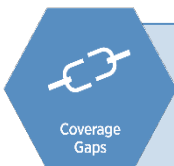
Insurance Premiums

- The liability program renewed with an overall premium increase of 17%
- The \$1.5M primary liability premium is **guaranteed for 5 years.**
- The excess property renewal premium increased a mere 4% over expiring even though the exposures were up 5%.
- Cyber liability renewed with a 1% premium decrease
- The insurance costs for all placements increased 14% over expiring.




Program Structure

- The property/liability package was restructured into separate policies.
- The pools liability deductible has been eliminated by securing a \$1.5M Primary liability policy with AXA XL.
- No changes to the \$100M property tower. Wildfire coverage is still included to the full limit.
- Employee Theft limit was reduced from \$2M to \$1M, however, the Forgery and Computer Funds Transfer Fraud was increased from \$250k to \$1M.
- The Pool aggregate was removed from the cyber placement. In addition, the ransomware sublimit was removed providing the full \$1M per member limit.
- Except for one member, cyber deductibles were reduced from \$100k to as low as \$2,500, based on budget.




Coverage Gaps

- Earth Movement
- Flood
- Unscheduled Drones
- Watercraft over 26^{ft}.
- Unnamed Auxillary, Volunteer, Associations, etc.




Uninsured & Uninsurable Losses

- Asbestos, Fungi or Bacteria, Lead
- Terrorism/TRIA
- Nuclear, Radioactive Contamination
- PFAS
- War and Military Action
- Punitive Damages
- Garagekeepers Liability



Loss Prevention & Claims

- 10 member districts currently signed up for Gallagher STEP free online training courses. All 100 members are eligible for unlimited seats for up to 10 courses.
- 5 Drive to Survive Seminars were hosted at 4 districts. There were a total of 80 attendees.



Contractual Liability

- Over 1,300 Certificates of Insurance were issued on behalf of FAIRA member districts.
- Gallagher reviewed numerous agreements throughout the year to strengthen protection for FAIRA districts.



Year over Year Comparison

Exposures			
	2023-2024	2024-2025	% CHANGE
Liability (Total Fire Personnel)	4,824	4,970	3%
Property incl. EB (TIV)	\$ 1,118,250,101	\$ 1,172,390,786	5%
Crime (Total Fire Personnel)	4,824	4,970	3%
Auto Physical Damage (TIV)	\$ 531,157,029	\$ 588,470,098	11%
Cyber (Budget)	\$ 1,290,018,013	\$ 1,396,710,894	8%
Premium			
	2023-2024	2024-2025	% CHANGE
Primary Liability	\$ 4,972,848.00	\$ 6,100,000.00	23%
Excess Liability	\$ 3,955,435.37	\$ 4,380,728.49	11%
Total Liability:	\$ 8,928,283.37	\$ 10,480,728.49	17%
Primary Property	Incl.	\$ 883,478.75	
Excess Property	\$ 530,675.40	\$ 549,791.20	4%
Equipment Breakdown	Incl.	\$ 35,171.00	
Total Property incl. EB	Incl.	\$ 1,468,440.95	
Crime	Incl.	\$ 18,402.00	
Auto Physical Damage	Incl.	\$ 697,546.00	
Cyber	\$ 263,109.00	\$ 261,205.33	-1%
TOTAL:	\$ 9,722,067.77	\$ 12,926,322.77	33%
Claims Expense	\$ 2,601,345.00	\$ 1,126,448.00	
Total Insurance Expenses	\$ 12,323,412.77	\$ 14,052,770.77	14%



Program Structure

\$100M	\$25M xs \$75M Wild Fire included	\$100M Per Breakdown	\$5M xs \$6.5M Per Occurrence / Member Aggregate* \$15M Pool Aggregate*			\$5M xs \$1.5M Per Occurrence / Member Aggregate* \$20M Pool Aggregate*		\$25M Catastrophic Limit	\$1M Per Member \$1M Ransomware Sublimit
	\$25M xs \$50M Wild Fire included								
	\$40M xs \$10M Wild Fire included								
	\$10M Primary - Wild Fire included								
FAIRA Deductibles:	\$500,000 Per Occurrence	Primary Liability: General Liability; Auto Liability; Employment Practice Liability \$1.5M Per Occurrence ; \$15M Annual Aggregate ; \$40M 5-Yr Term Aggregate			\$1M Per Occurrence for Employee Theft \$1M Per Occurrence for Forgery and Computer Funds Transfer Fraud		\$100,000 Per Accident		
Member Deductibles:	\$5,000 except: Sac Metro (\$50K)	\$10,000 Per Breakdown except Sac Metro (\$50K)	\$0 except: Sac Metro (\$50K)	\$0 except: SM: \$50K	\$5,000, \$7,500 or \$10,000 except: Sac Metro: \$50K OCFA: \$250K	\$1,000 except: Sac Metro (\$50K)	Private Passenger: \$1K Emergency Veh: \$5K Except Sac Metro (\$50K)	Varies by member	
	PROPERTY	EQUIPMENT BREAKDOWN	LIABILITY			CRIME	AUTO PHYSICAL DAMAGE	CYBER	

**Fire Agencies Insurance Risk Authority (FAIRA)
2024-2025 Stewardship Report / 2025-2026 Renewal Strategy**

Proposed Renewal Strategy

 <p>Insurance Premiums</p>	<ul style="list-style-type: none"> • Work with the incumbent carriers to mitigate premium increases wherever possible as well as utilize the marketing process to explore pricing options available. • Initiate early conversations with carriers about getting premiums on a timely basis.
 <p>Program Structure</p>	<ul style="list-style-type: none"> • Maintain \$100M in Wildfire (property) • Request a multi-year term from the crime carrier • Request an option to increase the employee theft limit from \$1M to \$2M • Retain current cyber limits/deductibles
 <p>Coverage Gaps</p>	<ul style="list-style-type: none"> • Terrorism (TRIA and Standalone) • Watercraft over 26ft. • Request automatic coverage for Drones acquired during the policy term • Request Inverse Condemnation exclusion to be removed from the \$5M xs \$6.5M liability policy
 <p>Uninsured & Uninsurable Losses</p>	<ul style="list-style-type: none"> • PFAS • War and Military Action • Punitive Damages • Garagekeepers Liability
 <p>Loss Prevention & Claims</p>	<ul style="list-style-type: none"> • Is there interest in having a subject matter expert host one or more live webcasts on Cyber, Website ADA or other topics that will help mitigate claims and claim costs? • Utilize the services of Gallagher Risk Control to receive a Claim's Connect report to review and analyze claims.
 <p>Contractual Liability</p>	<ul style="list-style-type: none"> • Schedule a time for Denise Simpson to provide her Insurance Requirements presentation to the Board or the entire membership? • Continue to assist with contract review from Gallagher team. • Continue to issue certificates on behalf of the FAIRA membership.

Renewal Timeline

2025 - 2026 RENEWAL CALENDAR

Coverage:	General Liability; Commercial Auto; Professional Liability; Excess Liability; Crime; Cyber; Property	
Client Contact:	Susan Blankenburg, General Manager	
Gallagher Contacts:	Natalie Bates	
TASK	DUE DATE	COMPLETION DATE
Renewal Strategy Discussion with FAIRA General Manager	March 3rd	
Renewal email notifications to all members	February 18th	
Members complete online applications	March 11th	
Submissions to Markets	March 25th	
Quotes due from Carriers	April 15th	
Renewal Proposal to General Manager	May 7th	
Board Meets to Approve. Authorization to Bind	June 16th	
Bind Request to Carriers	June 17th	
Binders to FAIRA General Manager	Week of June 20 th	
Policies Received from Carriers	Week of August 15 th	
Policies reviewed and delivered to FAIRA General Manager	Week of September 25 th	

Your Team

Your Gallagher team is a true partner. We have the expertise to understand your business and we're here to service and stay alongside you, every step of the way.

Name/Title	Phone	Email	Role
Primary Service Team			
Natalie Bates <i>Broker / Client Service Manager</i>	949.349.9856	Natalie_Bates@ajg.com	Broker / P&C Policy Service
Ron Green <i>Senior Client Service Associate</i>	415.536.8432	Ron_Green@ajg.com	Certificate Specialist
Program Specialists			
Denise Simpson <i>Senior Account Executive</i>	949.349.9886	Denise_Simpson@ajg.com	Legal/Contracts Consultant
Zack Phillips <i>Client Concierge</i>	415-420.5131	Zack_Phillips@ajg.com	Allocation Analyst
Claims & Loss Control			
Julie Frisbey <i>Senior Loss Control Specialist</i>	303.889.2505	Julie_Frisbey@ajg.com	Dedicated Loss Control Representative
Helen Kong <i>Claims Advocate Senior</i>	415.536.8601	Helen_Kong@ajg.com	Dedicated Claims Representative
Senior Resources			
Michael Gallagher <i>Area President</i>	415.536.4015	Michael_Gallagher@ajg.com	Branch Manager



Contract Review Legal Disclaimer

Clients and prospects benefit from our expert guidance to ensure their contracts are compliant and reasonable from an insurance perspective, and to ensure that the insurance provision in a particular contract accurately matches the client's current insurance limits. If a particular client requests Gallagher's review of indemnification language solely in connection with their insurance coverage, we can also provide that review by individuals qualified to do so. We cannot, however, provide comprehensive contract review or revision for any client – that responsibility must remain with each client and its legal counsel.

8 Correspondence

8.1 Expiration of Cal-OSHA Covid-19 Standards

Compliments of Jim Smith: Expiration of Cal/OSHA COVID 19 Standards



Susan Blankenburg
To
Cc Tay Gonzalez; Natalie Bates

😊 Reply Reply All → Forward ...

Thu 2/6/2025 7:46 AM

All,

The day has finally arrived where we can start to say goodbye to the Cal/OSHA standards for COVID-19. The changes to the Cal/OSHA website should be taking place starting tomorrow and legal experts are already weighing in on next steps for employers. Below is a synopsis of the situation along with key considerations for your existing programs and recordkeeping responsibilities moving forward.

Gallagher's National Risk Control team is actively monitoring the situation and is available to provide additional support for you and as-needed.

Please reach out if you have any questions!

Seyfarth Synopsis: *As of February 3, 2025, California's COVID-19-specific workplace regulations will expire, though employers must still track COVID-19 cases until February 3, 2026. Cal/OSHA can enforce COVID-19 as a workplace hazard under the Injury Illness Prevention Program standard, making it prudent for employers to consider infectious disease prevention in their IIPP.*

Since 2020, California employers have had to comply with Cal/OSHA's COVID-19-specific regulations. **First there was the emergency temporary standard ("ETS"), followed by the 2-year non-emergency "permanent" standard. But as of February 3, 2025, most provisions will expire and no specific regulatory requirements addressing COVID-19 as a workplace hazard will remain.** However, there are two important considerations to keep in mind:

1. The requirement from the non-emergency "permanent" COVID-19 regulation to keep a record of and track all COVID-19 cases in a log does not expire until February 3, 2026. From a practical standpoint, employers may be maintaining empty COVID-19 logs, as there's no regulatory mandate for employers to require employees report if they have COVID-19. And there's no regulatory requirement that employers take any particular action upon becoming aware of an employee's COVID-19 positive status, such as contact tracing or notification to close contacts. Nevertheless, employees must continue to record employee COVID-19 cases on a log.
2. Cal/OSHA can still enforce COVID-19 as a workplace hazard under the Injury Illness Prevention Program (IIPP) standard. For this reason, it's prudent for employers to incorporate basic infectious disease prevention protocols into their IIPP, such as encouraging sick employees to report their illnesses and to stay home until recovered.

Seyfarth Shaw LLP - Ilana R. Morady, Adam R. Young and Patrick D. Joyce

8.2 Cyber Risk Insurance- Vendor Agreement Update

CYBER RISK INSURANCE - ARE YOUR VENDOR AGREEMENTS UP TO DATE?



Susan Blankenburg

To

Cc Natalie Bates; Tay Gonzalez



Reply

Reply All

Forward



Fri 1/10/2025 12:40 PM

Sample Cyber Insurance Requirements as of 01.06.25.docx 56 KB

FAIRA introduced **cyber risk liability coverage** for all members in 2013, when ransomware attacks were just beginning to emerge. Since then, data breaches and ransomware incidents have become some of the most frequent and costly types of claims. In reviewing your contracts, we've noticed that none currently require **cyber risk insurance**, despite the evolving threat landscape. To address this gap, we have provided **sample contractual language** to help you update your agreements.

Why Cyber Risk Insurance Is Critical

Organizations that handle sensitive data or rely on digital infrastructure must protect against the financial and reputational risks associated with data breaches. Requiring service providers to carry cyber risk liability insurance ensures they are prepared to:

- Respond to breaches effectively.
- Provide notifications and credit monitoring.
- Cover damages and restore affected parties.

Examples of High-Risk Firms:

The following types of firms should always provide evidence of cyber liability insurance:

- Healthcare providers
- Financial institutions
- Payroll and HR companies
- Law firms
- Actuaries and accountants
- Claims administrators
- IT consultants
- Dispatch and logistics firms

Sample Language for Your Contracts

To help safeguard your organization, we've attached **sample contractual language** for you to consider when updating current agreements or drafting new ones. It is essential that all service providers with access to district employee, retiree, family, or patient confidential data demonstrate their commitment to data protection by maintaining appropriate cyber liability coverage.

Affordable Options for Vendors

Several vendors have asked for guidance on obtaining affordable cyber liability insurance. Here are our recommendations:

1. **Current Insurance Agent or Broker:** Vendors should first inquire with their existing providers.
2. **Gallagher's Online System:** As one option, Gallagher offers an easy-to-use online system to obtain quotes and pay online. (<https://www.gallaghersmallbusiness.com/insurance-products/cyber/>)
 - A smaller CPA firm was able to secure a \$1 million policy for a premium of **\$380**.
 - An Actuarial firm, slightly larger in size, secured coverage for under **\$1,000**.

We recommend obtaining quotes from multiple providers to make an informed decision.

If you have any questions about cyber risk insurance or updating your agreements, please don't hesitate to contact us. Protecting your organization and its data is more important than ever.



Technology Errors and Omissions Liability

(Use this requirement in contracts including but not limited to, Services provided by the Following: IT Specialists: Systems Analysts, Computer Designers & Programmers, Computer & Software CONTRACTORs, Data Processors and System Installation Personnel, with access to Personally Identifiable Information/Confidential Information.)

CONTRACTOR shall obtain and maintain throughout the duration of Services to be performed under this Agreement Technology Errors and Omissions liability coverage. The required coverage limits shall be the greater of the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Named Insured, including applicable Umbrella or Excess Limits, or the following: \$1,000,000 per occurrence or claim and \$2,000,000 aggregate. Coverage shall include the following risks:

- (1) liability arising from the theft, dissemination and/or use of confidential information, including but not limited to, personally identifiable information, protected health information, security codes, access codes, passwords or personal identification numbers (PINS);
- (2) Privacy notification costs, credit monitoring and regulatory fines arising from such theft, dissemination and/or use of confidential information;
- (3) Network security liability arising from the unauthorized access to, use of, or tampering with computers or computer systems, including hacker attacks;
- (4) Liability arising from the introduction of a computer virus into, or otherwise causing damage to the DISTRICT's or third person's computer, computer system, network, or similarly related property and the data, software and programs thereon; and
- (5) Liability arising from the failure of the technology product(s) required under this Agreement to properly perform the functions intended.

The policy shall also provide coverage for liability assumed under a contract. Coverage may be written on a claims-made form. If coverage is maintained on a claims-made basis, the following shall apply:

- (a). The retroactive date must be shown, and must be before the date of the contract or the beginning of the contract services.
- (b). Insurance must be maintained and evidence of insurance must be provided for at least three (3) years after completion of the contract services.
- (c). If coverage is canceled or non-renewed, and not replaced with another claims-made policy form, it must have a retroactive date prior to the effective date of the contract.

The guidelines contained in this presentation represent risk management suggestions and are not intended as legal advice. A licensed attorney should be consulted to review and approve contract terms and language.

01.06.25



Cyber Liability

(Use this in requirements for services provided by: Healthcare Providers, Financial Institutions, Payroll Personnel/Companies, Legal Firms and vendors/contractors with access to Personally Identifiable Information/Confidential Information.)

CONTRACTOR shall procure and maintain Cyber Liability insurance and a separate limit for Ransomware insurance. The required coverage limits shall be a minimum of:

\$1,000,000 per occurrence or claim and
\$2,000,000 annual aggregate.

Coverage shall include the following risks:

- (a) Liability arising from the theft, dissemination and/or use of confidential information, including but not limited to, personally identifiable information (PII), protected health information (PHI), security codes, access codes, passwords, security codes or personal identification numbers (PINS);
- (b) Notification costs, credit monitoring and other expert services, regulatory fines and defense costs;
- (c) Network security liability arising from unauthorized access to, use of, or tampering with computer systems, including hacker attacks;
- (d) Liability arising from the introduction of a computer virus into, or otherwise causing damage to vendor (first party) or customer's (third party) computer, computer system, network or similarly related property and the data, software and programs thereon;
- (e) Liability arising from professional misconduct or lack of the requisite skill required for the performances of services defined in the contract or agreement.
- (f) Liability arising from a Ransomware attack of any kind that prevents the use and access to their system.

If coverage is maintained on a claims-made basis, the following shall apply:

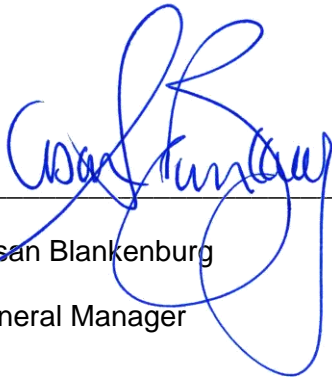
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The guidelines contained in this presentation represent risk management suggestions and are not intended as legal advice. A licensed attorney should be consulted to review and approve contract terms and language.

01.06.25

9 Adjournment

I certify that this Authority Agenda was posted and sent by email to all Members of the Authority 72 hours before the noted meeting.



Susan Blankenburg
General Manager

Date: March 24, 2025

