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(800) 541-4591 Fax (916) 244-1199
<https://www.planjpa.org/>

**SPECIAL FINANCE COMMITTEE MEETING
AGENDA**

**Tuesday, January 14, 2025
1:00 p.m.**

Zoom

Please Contact [Kassandra Batista](mailto:kassandra.batista@sedgwick.com) for Videoconference Information

All or portions of this meeting will be conducted by teleconferencing in accordance with Government Code Section 54953(b). Teleconference locations are as follows: Sedgwick, 1750 Creekside Oak Drive, Suite 200, Sacramento, CA 95833; City of Burlingame, 501 Primrose Road, Burlingame, CA 94010; Town of Hillsborough, 1600 Floribunda Avenue, Hillsborough, CA 94010; City of Milpitas, 455 E. Calaveras Boulevard, Milpitas, CA 95035; and Town of Woodside, 2955 Woodside Road, Woodside, CA 94062.

Each location is accessible to the public, and members of the public may address the Finance Committee from any teleconference location.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact [Kassandra Batista](mailto:kassandra.batista@sedgwick.com) at kassandra.batista@sedgwick.com (916) 244-1103 or (916) 244-1199 (fax). Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item that are provided to the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA) Finance Committee less than 72 hours prior to a regular meeting will be available for public inspection at 1750 Creekside Oaks Drive Suite 200, Sacramento, CA 95833.

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| <u>Page</u> | 1. CALL TO ORDER |
| | 2. INTRODUCTIONS |
| | 3. APPROVAL OF AGENDA AS POSTED (OR AMENDED) |
| | 4. PUBLIC COMMENTS - This time is reserved for members of the public to address the Committee relative to matters of the PLAN JPA not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total. |

* Reference materials enclosed with staff report.

Page
3

5. FINANCIAL MATTERS

*A. Discussion of Request for Proposal for Financial Auditing Services

Recommendation: Staff recommends the Finance Committee provide direction for the Request for Proposal for Financial Auditing Services.

6. CLOSING COMMENTS

This time is reserved for comments by Finance Committee members and/or staff and to identify matters for future Finance Committee business.

A. Finance Committee

B. Staff

7. ADJOURNMENT

NOTICES:

- The next Executive Committee Meeting will be held on January 23, 2025, at 10:00am via Zoom Videoconference.
- The next Board of Directors Meeting will be held on March 12, 2025, at the San Carlos Library, San Carlos, CA.

January 14, 2025

Agenda Item 5.A.

FINANCIAL MATTERS

SUBJECT: Discussion of Request for Proposal for Financial Auditing Services

BACKGROUND AND HISTORY:

PLAN JPA requires audits of its annual financial statements.

James Marta & Company has provided financial auditor services for fiscal years ending June 30, 2022, 2023, and 2024. The scope and nature of these services are based on an engagement letter dated August 31, 2021. The engagement letter states that financial auditor services will be provided for fiscal years ending June 30, 2022, 2023, and 2024. Financial audits for subsequent fiscal years are not covered by the engagement letter.

On December 5, 2024, the Board of Directors provided direction for the Finance Committee to manage the Request for Proposal process up to and including making a recommendation to the Executive Committee for the Board of Directors to approve before July 1, 2025.

Staff has prepared a Request for Proposal for Financial Auditing Services which seeks to obtain a financial auditor for PLAN JPA for subsequent fiscal years.

STAFF RECOMMENDATION:

Staff recommends the Finance Committee provide direction for the Request for Proposal for Financial Auditing Services

REFERENCE MATERIALS ATTACHED:

- Request for Proposal for Financial Auditing Services

REQUEST FOR PROPOSAL
FINANCIAL AUDIT SERVICES
FOR
POOLED LIABILITY ASSURANCE NETWORK JOINT POWERS AUTHORITY
(PLAN JPA)

RETURN PROPOSALS TO:

Eric Dahlen, General Manager, PLAN JPA

Eric.dahlen@sedgwick.com

DEADLINE FOR FILING:

February 14, 2025

**Electronic Proposals Preferred.*

REQUEST FOR PROPOSAL FOR
FINANCIAL AUDIT SERVICES
FOR
PLAN JPA

TABLE OF CONTENTS

Contents

I. BACKGROUND AND HISTORY.....	4
II. INSURANCE COVERAGE AND FINANCIAL DRIVERS.....	5
III. OBJECTIVES AND SCOPE OF WORK TO BE PERFORMED.....	7
IV. PROPOSAL REQUIREMENTS.....	12
V. PROPOSAL FORMAT.....	15
VI. INSURANCE REQUIREMENTS	17
VII. PROCESS FOR SUBMITTING PROPOSALS	20
VIII. SELECTION PROCESS	21

Appendices

[APPENDIX A – Sample Professional Services Agreement](#)

[APPENDIX B – Audited Financial Statements as of June 30, 2024](#)

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

PLAN JPA
REQUEST FOR PROPOSAL
FINANCIAL AUDIT SERVICES

I. BACKGROUND AND HISTORY

PLAN JPA requires audits of its annual financial statements. The Board of Directors of PLAN JPA wishes to engage an Independent Public Accounting Firm to conduct the audit of its annual financial statements, beginning with the fiscal year ending June 30, 2025.

PLAN JPA has its roots dating back to 1986 as ABAG PLAN Corporation, originally developed as a nonprofit public benefit corporation organized exclusively for the promotion of the social welfare of the citizens of the San Francisco Bay area. In 2018, the Board of Directors decided to dissolve the corporation in favor of the creation of a Joint Powers Authority, PLAN JPA.

Pooled Liability Assurance Network, a Joint Powers Authority (“PLAN”) was established to provide and administer property and liability insurance and self-insurance services for member cities. PLAN membership includes 28 municipalities located in the bay area of Northern California. PLAN uses self-insurance, traditional insurance carriers and pooled self-insurance to provide financial coverage for the membership. In addition, PLAN has developed effective risk management programs to reduce the amount and frequency of losses, to share the losses on a self-insured basis, and to jointly purchase and provide administrative and other services such as claims adjusting, data processing, risk management, loss prevention, accounting services, actuarial services, and legal services in connection with the program.

II. INSURANCE COVERAGE AND FINANCIAL DRIVERS

PLAN provides insurance coverage to its members under two programs: a Liability Program and a Property Program. Within the Liability Program, coverage extends to general and auto liability, bodily injury, and personal injury claims. Within the Property Program, coverage extends to claims related to property damage, including flood and fire events, and cyber-related issues.

For the Liability Program, each member is responsible for paying the cost of every occurrence with costs that fall within their Self-Insured Retention limit (“SIR”), ranging from a minimum value of \$25,000 to a maximum value of \$250,000 for each member. Coverage for this program extends to occurrences in excess of each members’ SIR, up to \$1,000,000 (“PLAN Liability Layer”). Additional coverage is provided by the California Affiliated Risk Management Authorities (“CARMA”), a risk sharing joint powers authority. CARMA provides this coverage for occurrences that exceed \$1,000,000 up to \$10,000,000 (“CARMA Liability Layer”). Additional coverage, from \$10,000,000 and up to \$35,000,000 per occurrence, is provided by excess insurance policies (“Excess Liability Layer”).

Contributions to the Liability Program pay for self-insurance through the PLAN Liability Layer, the excess insurance provided in the CARMA Liability Layer and the Excess Liability Layer, and administrative costs related to running the operations of PLAN JPA. An actuarial study estimates the expected costs of claims that will be absorbed by each layer of coverage for the fiscal year and the administrative costs for that year, and which is then allocated under the following methodologies:

- Contributions for the PLAN Liability Layer allocated to the members by three factors: (1) member SIR, (2) an experience modification factor, and (3) estimated payroll of the member.
- Contributions for the excess liability insurance layers (both the CARMA Liability Layer and the Excess Liability Layer), are allocated based on population of the member cities.

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

- Contributions for administrative costs are allocated based on a fixed cost-component and a variable cost-component. Contributions for administrative costs are initially billed under the Liability Program, but then a portion is reallocated in the financial statements to the Property Program.

For the Property Program, each member is responsible for paying the cost of every occurrence with costs that fall within their SIR, which is set as \$5,000 for each member for Property Program coverage. Coverage for this program extends to occurrences in excess of each members' SIR, up to \$500,000 ("PLAN Property Layer"). Additional coverage, from \$500,000 and up to \$1 billion per occurrence, is provided by a consortium of excess insurance providers ("Excess Property Layer"). There are additional contributions required for members who have property in high-risk flood zones, as well as for cyber-related coverage, but because these costs, together, amount to approximately 5% of the total Property Program contributions in fiscal year '25 they will not be further discussed in this RFP.

Contributions to the Property Program pay for self-insurance through the PLAN Property Layer, and the excess insurance provided in Excess Property Layer. An actuarial study estimates the expected costs of claims that will be absorbed by each layer of coverage for the fiscal year, which is then allocated between the members based on their proportion of Total-Insured Value of covered assets, as reported to PLAN's insurance broker.

III. OBJECTIVES AND SCOPE OF WORK TO BE PERFORMED

1. OBJECTIVE

Financial statement audits help governmental agencies be good stewards of public funds, as they provide independent third-party assurance about the financial information provided by the public entity pool.

The financial statements will be audited under auditing standards generally accepted in the United States (“GAAS”) and most likely will be supplemented by the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Public entity pools are considered special purpose entities and are accounted for as enterprise funds.

An audit of an entity’s financial statements can be broken down into two parts, the actual planning and performance of the audit and the financial statement reports which the independent auditors express their opinion upon. Obtaining a qualified independent public accounting firm to perform the audit adds additional assurance to third parties reviewing the audited financial statements.

The results of the audit planning and related testing should provide the auditor with the necessary evidence to issue an opinion over the financial statements. The audited financial statements are a tangible item that can be provided to existing and potential members, creditors and governing bodies that summarize the public entity pool’s financial position and performance and provide assurance related to the information being reported.

2. SCOPE OF SERVICES

A. Technical Standards

Examinations of financial records and statements and audits for compliance should be made in accordance with generally accepted government auditing standards as adopted by the Comptroller General of the United States. These standards include generally accepted auditing standards as adopted by the membership of the American Institute of Certified Public

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

Accountants (“AICPA”).

The audit should be made in accordance with generally accepted governmental auditing procedures prescribed by the AICPA and the Industry Audit Guide-Audit of State and Local Governmental Units and the appropriate sections of the Governmental Accounting Standards Board’s (“GASB”) Statements and should specifically address GASB 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.

Additionally, further applicable standards may include the California State Controller’s Minimum Audit Requirements and Reporting Guidelines for California Special Districts and the United States General Accounting Office (“GAO”) Government Auditing Standards, Office of Management and Budget (“OMB”), Audits of States, Local Governments and Nonprofit Organizations.

B. Work to be Done

The final financial audit report shall include the following:

- Management Discussion and Analysis (“MD&A”) – The MD&A provides narrative discussion and analysis of the financial activities of the public pool entity. If two years of financial information are discussed in the MD&A, three years of financial information is required to be presented. If one year of financial information is discussed, two years of financial information is required to be presented. It should be noted; the MD&A is required supplemental information and is not audited.
- Independent Auditors Report – The Independent Auditor’s Report provides the auditors opinion over the financial statements presented. Generally, the following opinions may be issued:
 - Unqualified – An unqualified opinion is the highest level of assurance provided by the independent auditor. It communicates that the auditor

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

believes the financial statements are reasonably stated and are free from material misstatement.

- Qualified – A qualified opinion would be issued by the auditor because of certain issues affecting the entity including but not exclusive to departures from generally accepted accounting principles, inadequate disclosures, lack of reasonable justification for a change in accounting principle, scope limitations due to lack of sufficient audit evidence, uncertainties relating to a going concern, or an emphasis of an accounting matter. Depending on the magnitude of the issue, the auditor may disclaim an opinion over the audit or certain portions of the audit.
- Statement of Net Position – The Statement of Net Position is a snapshot of financial position of the public entity pool at its fiscal year end. The Statement of Net Position is comprised of three sections, assets, liabilities, and net position. In addition, assets and liabilities should be classified as current and non-current.
- Statement of Revenue, Expenses and Changes in Net Position – This financial statement of a public entity pool provides information regarding the activities of the pool over the pool’s fiscal year. It is broken down into four major parts:
 - operating revenues,
 - operating expenses,
 - non-operating revenues and expenses (generally relating to investment income and interest expense), and
 - a roll forward of net position from the beginning to the end of the fiscal year, including net income, capital contributions and capital distributions.

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

- Statement of Cash Flow - The primary purpose of the Statement of Cash Flows is to provide information about the cash receipts and disbursements of an entity during a period. This statement also aids in the assessment of an entity's ability to generate future cash flows, ability to meet obligations as they come due, and needs for external financing.
- Notes to Financial Statements – Notes to the Financial Statements provide information essential to a full understanding of the fund financial statements. Notes to the Financial Statements generally will include the following:
 - Summary of significant accounting policies affecting the pooling entity,
 - Footnotes describing activities for significant financial statement line items and
 - A description of the nature of risk transfer or the pooling agreement,
 - A description of the number and types of participants,
 - An explanation of the basis used to estimate liabilities for unpaid claims,
 - A description of the nature of acquisition costs that are capitalized, the method used to amortize such costs, and the amount of acquisition costs amortized for the period,
 - A description of the importance of excess insurance or reinsurance transactions to the public entity risk pool,
 - A presentation of a total claims' liabilities reconciliation.
- Independent Auditor's Report on Compliance and Other Matters on Internal Control over Financial Reporting Based on an Audit of the Financial Statements – This report is required under *Governmental Auditing Standards* and will

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

communicate to the governing body and third party any deficiencies in internal control, or issues of non-compliance identified during the audit.

- Required Supplementary Information (see **Appendix B** for examples) –
 - Claims Reconciliation by Program
 - Claims Development Information
 - Notes to the Required Supplementary Information
 - Combining Statement of Net Position
 - Combining Statement of Revenues, Expenses, and Changes in Net Position

IV. PROPOSAL REQUIREMENTS

In addition to responding to the requirements detailed above, all proposals must provide responses to each item outlined in this section. Proposals must also indicate a willingness and ability to meet each of the requirements and qualifications. Any deviation or omission may constitute sufficient cause for rejection of the proposal.

1. Provide background information on your firm, including the firm size, how long it has been in business and the types and sizes of accounts and services.
2. Describe your firm's experience in providing financial auditing services. Insurance industry or governmental client experience should be highlighted with emphasis on any experience with public entity self-insurance pools in California or elsewhere.
3. Indicate whether your firm is appropriately registered and/or approved with regulatory authorities. When was your last peer review? Please provide a summary of the results.
4. PLAN will check references provided by you. Provide the company name, contact person, and phone number of at least three (3) public agencies for whom you provide services. Preference is for governmental entities. Describe the services provided for each such entity.
5. Provide at least two other references, in the same format, consisting of clients for which you have provided similar services in the past, but for which you are no longer providing those services.
6. Attach a copy of the resumes of qualifications of all employees of your firm that you anticipate would participate in providing services to PLAN. Indicate who the principal staff would be and the percentage of involvement of all other staff. Describe each employee's position in the firm, their professional designations and detail their experience public entity pools, or other similar insurance or governmental entities.

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

7. Disclose whether your firm or any individuals assigned to provide services to PLAN have any conflicts of interest with PLAN, or any Board members or employees of PLAN and, if so, the nature of the conflict.
8. Explain your understanding of the audit work to be done.
 - a. Submit a work plan. Include general descriptions of the work to be done, time estimates for each significant segment of the work to be done, and the staff level to be assigned. Name individual staff members.
 - b. The audit firm shall produce two separate audit reports, one on a GAAP basis and the other on a statutory accounting basis, for PLAN. Related letters and other correspondence, such as a letter on recommendations to management, should also be addressed in your proposal.
 - c. State that the examination will be made in accordance with generally accepted auditing standards.
 - d. State that the primary purpose of the examination is to express an opinion on the financial statements.
9. The timing of the audit work should be driven by the deadline for the completion and delivery of the bound reports. Indicate whether your firm can meet a completion/delivery deadline of December 1.
10. It is anticipated that audit work will be performed no earlier than late June and completed prior to the end of November. Indicate whether your firm can perform the work during that time period.
11. Quote an all-inclusive fee for the audit work to be performed beginning for the fiscal year ending June 30, 2025. Provide costs for work performed that year and the next four (4) years, 2026 through 2030.

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

Each proposer shall submit a complete proposal with all information requested. The content of the proposal will be as described in the following section.

V. PROPOSAL FORMAT

A. Cover Letter

The cover letter will include the company name, address, and telephone number of the authorized person to be used as the contact.

The letter will indicate whether the proposer is an individual, partnership, or corporation. It must be signed by the individual, partner, or an officer or agent authorized to bind the firm. A corporation submitting a proposal may be required to furnish a certificate as to its corporate existence and satisfactory evidence as to the officers authorized to execute the contract on behalf of the corporation.

B. Table of Contents

C. Company Qualifications

This section should include:

1. An explanation of the knowledge and experience of the firm and its personnel in serving self-insured public entities in California. (Limited to one page);
2. A description of at least two similar or related contracts under which the proposer is currently providing services;
3. An explanation of the experience and qualifications of staff.
 - List the staff assigned, title, and responsibilities as it would relate to this project;
 - Include resumes of each staff assigned; and
 - Identify appropriate certifications; and

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

4. A list of at least three public entity client references, preferably located in Northern California.

D. Cost

Please quote an annual service fee, clearly stating what services and expenses are included in the fee. Identify what services, if any, will require additional charges, fees, or costs. Any costs not identified in the proposal shall not be reimbursed by PLAN JPA.

VI. INSURANCE REQUIREMENTS

The proposer must agree to indemnify, defend and hold PLAN JPA and its members harmless, and defend PLAN JPA and its members from all claims and legal action for damages arising from their performance under the agreement.

Prior to and during the performance of the contract, the proposer shall maintain at its own expense the following minimum insurance coverage:

1. Commercial General Liability insurance covering bodily injury and property damage at least as broad as Insurance Services Office (ISO) form CG 00 01, in an amount no less than \$1,000,000 per occurrence and \$2,000,000 general aggregate.
2. Workers' Compensation insurance meeting all statutory requirements of the Labor Code of the State of California and Employers Liability insurance with a minimum of \$1,000,000 per accident/disease.
3. Professional Liability Errors & Omissions insurance with a minimum of \$1,000,000 limit per claim and in the aggregate.
4. Cyber Liability insurance in an amount no less than \$2,000,000 per claim.
5. Property Insurance covering Consultant's own business personal property and equipment to be used in performance of the services.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by PLAN JPA. If necessary, at the option of PLAN JPA either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects PLAN JPA, its officers, officials, employees, and volunteers; or the Consultant shall provide a financial guarantee satisfactory to PLAN JPA guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

Other Insurance Provisions

The commercial general liability policy shall contain and be endorsed with the following provisions:

1. PLAN JPA, its members, and all of their officers, officials, employees, agents and volunteers are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of the Consultant.
2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects PLAN JPA, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by PLAN JPA, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

Each insurance policy required by this section, except Professional Liability, shall include and be endorsed to waive all rights of subrogation against PLAN JPA.

Each insurance policy required by this section shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to PLAN JPA. If a carrier will not provide the required notice of cancellation, the Consultant shall provide written notice to PLAN JPA of a cancellation no later than ten (10) business days before cancellation.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to PLAN JPA.

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

Verification of Coverage

Proposer shall furnish PLAN JPA with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by PLAN JPA or on other forms, provided those endorsements conform to PLAN JPA requirements. All certificates and endorsements are to be received and approved by PLAN JPA before work commences prior to execution of a service agreement. PLAN JPA reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

VII. PROCESS FOR SUBMITTING PROPOSALS

All proposals must be submitted in PDF file format.

❖ Content of Proposal

The proposal must be submitted using the format as indicated in [Section III - Proposal Requirements](#).

❖ Preparation of Proposal

Each proposal shall be prepared simply and economically, avoiding the use of elaborate promotional material beyond those sufficient to provide a complete, accurate and reliable presentation.

❖ Number of Proposals

Submit one (1) PDF file format copy of your proposal in sufficient detail to allow for thorough evaluation and comparative analysis.

❖ Submission of Proposals

Only those proposals which are complete and delivered by 5:00 p.m. on February 03, 2025, shall be considered.

Address all proposals to:

ATTN: Eric Dahlen, General Manager PLAN JPA

eric.dahlen@sedgwick.com

VIII. SELECTION PROCESS

PLAN JPA will review the proposals submitted. The firms whose proposals are selected as finalists for consideration may be asked to appear, at their own expense, before an evaluation panel to discuss their proposal.

All proposals, whether selected or rejected, shall become the property of PLAN JPA. Costs of preparation of proposals will be borne solely by the proposer. Proposals should be submitted electronically.

PLAN JPA may use some or all the following criteria in its evaluation and comparison of proposals submitted. The criteria listed are not necessarily an all-inclusive list. The order in which they appear is not intended to indicate their relative importance:

- Compliance with RFP requirements
- Understanding of Project
- Methods and approach (including timeline) described to accomplish the Scope of Work of this RFP.
- Recent experience in conducting work of similar scope, complexity, and magnitude for other public agencies.
- Educational background, work experience, most importantly public sector work experience, and directly related consulting experiences.
- Price
- References from local clients with particular emphasis on local government.

PLAN may also contact and evaluate the bidder's references; contact any bidder to clarify any response; contact any current users of a bidder's services; solicit information from any available source concerning any aspect of a proposal; and seek and review any other information deemed

PLAN JPA
 FINANCIAL AUDITOR SERVICES - RFP

pertinent to the evaluation process. The evaluation committee shall not be obligated to accept the lowest priced proposal but shall make an award in the best interests of PLAN JPA.

Award is contingent upon the successful negotiation of final contract terms. Negotiations shall be confidential and not subject to disclosure to competing vendors unless an agreement is reached. If contract negotiations cannot be concluded successfully, PLAN may negotiate a contract with the next highest scoring vendor or withdraw the RFP. Nothing in this RFP shall be construed to obligate PLAN JPA to negotiate or enter a contract with any particular proposer. This RFP shall not be deemed to be an offer to contract or to enter into a binding contract or agreement of any kind.

Listed below is an anticipated timetable:

01/17/2025	Dissemination of Request for Proposals
02/14/2025	Proposals Due
02/15/2025 – 03/03/2025	Evaluation of Proposals
03/24/2025	Interview of Bidders and Selection of Firm
03/25/2025	Inform Bidders of Selection and Negotiate Contract
04/24/2025	Executive Committee Approval
06/26/2025	Board of Directors Approval
07/01/2025	Begin Engagement

Questions regarding this Request for Proposal or PLAN JPA may be directed to:

Eric Dahlen, General Manager, PLAN JPA

Eric.dahlen@sedgwick.com

APPENDIX A – Sample Professional Services Agreement

PROFESSIONAL SERVICES AGREEMENT

By and Between POOLED LIABILITY ASSURANCE NETWORK

and XXX

For FINANCIAL AUDIT SERVICES

THIS AGREEMENT (this “Agreement”) is made and entered into as of the 1st day of July 2025, by and between Pooled Liability Assurance Network (herein called “PLAN.”), a Joint Powers Authority, and XXX (herein called “CONSULTANT”).

RECITALS

WHEREAS, PLAN requires certain work services as described in Exhibit “A” of this Contract; and

WHEREAS, the services required for the Project cannot be performed satisfactorily by the officers of PLAN; and

WHEREAS, the parties hereto now wish to enter into this Agreement pursuant to which CONSULTANT will render professional services in connection with the Project as hereinafter provided.

NOW, THEREFORE, the parties hereto agree as follows:

1. SCOPE OF SERVICES

CONSULTANT’s services are generally described in Attachment A, Scope of Work, attached hereto and incorporated herein by this reference. CONSULTANT agrees to provide auditing services for the tasks identified as directed by the General Manager.

2. PERIOD OF PERFORMANCE

CONSULTANT's services hereunder shall commence upon issuance of a written Notice to Proceed (NTP) issued by PLAN's Assistant General Manager, but no engagement shall occur prior to July 1, 2025 and shall continue until the project is completed but in no way past December 31, 2030 or until otherwise terminated or extended as hereinafter provided by written amendment, except that all indemnity and defense obligations hereunder shall survive termination of this Contract. CONSULTANT shall not be compensated for any Work performed or costs incurred prior to the approval of the Board of Directors or if authority has been granted to the Executive Committee.

PLAN, at its sole discretion, may extend the original term of the Contract through the issuance of a Board approved amendment.

3. COMPENSATION AND METHOD OF PAYMENT

- A. Compensation. CONSULTANT shall be compensated for services and PLAN shall be obligated to pay only such fees, allowances, costs, reimbursements, or other compensation as are specified below based on the defined Audit Fee for each of the program years of service plus any period less than a full program year shall be prorated at the current established rate set forth in Attachment A, attached hereto and incorporated herein by this reference, which include all applicable surcharges such as taxes, insurance, and fringe benefits as well as indirect costs, overhead and profit allowance, materials, and supplies.
- B. Expenses. PLAN will reimburse CONSULTANT for all expenses deemed reasonable and necessary that are defined in the proposal incurred by CONSULTANT in the performance of this Agreement.
- C. Method of Payment. CONSULTANT shall submit invoices for services rendered on a monthly basis, identifying the work for which payment is requested; the hours worked or the deliverable completed; any authorized expenses, together with receipts for such

expenses, if requested; the total amount requested; and the cumulative amount billed and paid under this Agreement. Payment shall be made by PLAN within thirty (30) days of receipt of an acceptable invoice, approved by a designated representative. All invoices shall be made in writing and delivered electronically or mailed to PLAN as follows:

“Attention: PLAN”
Eric Dahlen, General Manager
PLAN
1750 Creekside Oaks, Suite 200
Sacramento, CA 95833-3648

4. AMENDMENTS

PLAN reserves the right to request changes in the services to be performed by CONSULTANT. All such changes shall be incorporated in written amendments, which shall specify the changes in work performed and any adjustments in compensation and schedule. All amendments shall be executed by the Executive Director or a designated representative and CONSULTANT and specifically identified as amendments to the Agreement. Any services added to the scope of the Agreement by an amendment shall be subject to all applicable conditions of the Agreement. No claim for additional compensation or extension of time shall be recognized unless contained in a duly executed amendment.

5. TERMINATION

PLAN may terminate this Agreement, in whole or in part, at any time by written notice to CONSULTANT. Upon receipt of notice of termination, CONSULTANT shall stop work under this Agreement immediately, to the extent provided in the notice of termination, and shall promptly submit its termination claim to PLAN. CONSULTANT shall be reimbursed for hours performed, plus expenses, up to the time of termination, not to exceed the maximum amount payable under the Agreement or, for deliverables-based payment, not to exceed the maximum payable for the deliverable.

CONSULTANT may withdraw from representation of PLAN, and terminate this Agreement, at any time.

6. INSURANCE REQUIREMENTS

A. Minimum Coverages. CONSULTANT shall, at its own expense, obtain and maintain in effect at all times during the life of this Agreement the following types of insurance against claims, damages and losses due to injuries to persons or damage to property or other losses that may arise in connection with the performance of work under this Agreement, placed with insurers with a Best's rating of A:VII or better.

- i. Workers' Compensation Insurance in the amount required by the applicable laws, and Employer's Liability insurance with a limit of not less than \$1,000,000 per accident/disease for bodily injury or disease, and any and all other coverage of CONSULTANT's employees as may be required by applicable law. Such policy shall allow and be endorsed with a Waiver of Subrogation endorsement in favor of PLAN.
- ii. Commercial General Liability Insurance for Bodily Injury and Property Damage liability, covering the operations of CONSULTANT and CONSULTANT's officers, agents, and employees and with limits of liability which shall not be less than \$1,000,000 per occurrence, with a general aggregate liability of not less than \$2,000,000. Expense for Indemnitee's defense costs shall be outside of policy limits and such policy shall be issued on a Duty to Defend Primary Occurrence Form.

PLAN and its board members, officers, representatives, employees, agents and volunteers are to be named as additional insureds under the most recent edition of Insurance Services Office (ISO) form CG 20 10 (or equivalent) for ongoing operations. Such insurance as afforded by this endorsement shall include and be endorsed primary and non-contributory as respects any

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

claims, losses or liability arising directly or indirectly from CONSULTANT's operations. Such policy shall allow and be endorsed with a Waiver of Subrogation endorsement in favor of PLAN.

- iii. Professional Liability Insurance. CONSULTANT shall maintain professional liability insurance that insures against professional errors and omissions that may be made in performing professional services in the minimum amount of \$1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of the start of work, and CONSULTANT agrees to maintain continuous coverage through a period no less than three (3) years after completion of the work.
- iv. Cyber Liability with limits not less than \$2,000,000 per claim. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by CONSULTANT under this Contract and shall include, but not be limited to, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information or personally identifiable information (PII), alteration of electronic information, extortion, and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties, and credit monitoring expenses with limits sufficient to respond to these obligations. Such policy shall allow and be endorsed with a Waiver of Subrogation endorsement in favor of PLAN.
- v. Property Insurance covering CONSULTANT's own business personal property and equipment to be used in performance of this Contract. Coverage shall be written on a "Special Form" ("All Risk") that includes theft, but may exclude earthquake, with limits at least equal to the replacement cost of the property. Such policy shall contain a Waiver of

Subrogation in favor of PLAN. If such insurance coverage has a deductible, CONSULTANT shall also be liable for the deductible.

- vi. Non-Limitation of Insurance Requirements. The insurance coverage provided, and limits required under this Contract are minimum requirements and are not intended to limit the CONSULTANT's indemnification obligations under the Contract, nor do the indemnity obligations limit the rights of the Indemnified Parties to the coverage afforded by their insured status. To the extent required by Law in connection with Work to be performed, the CONSULTANT shall obtain and maintain, or cause to be obtained and maintained, in addition to the insurance coverage expressly required under this Contract, such other insurance policies for such amounts, for such periods of time and subject to such terms as required by Law and any other agreements with which the CONSULTANT is required to comply, including any Third-Party Agreements. Liability insurance coverage will not be limited to the specific location designated as the Site, except that if the CONSULTANT arranges project-specific general liability, excess liability, or workers' compensation coverage, limitations of coverage to the Site will be permitted subject to PLAN approval and use of the broadest available site-specific endorsements. No liability policy will contain any provision or definition that would serve to eliminate so-called "third-party-over action" claims, including any exclusion for bodily injury to an employee of the insured or of any Subcontractor. The CONSULTANT acknowledges and will at all times comply with the provisions of Labor Code Section 3700 which require every employer in the State to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code.

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

- b. Deductibles and Retentions. CONSULTANT shall be responsible for payment of any deductible or retention on CONSULTANT's policies without right of contribution from PLAN. Deductible and retention provisions shall not contain any restrictions as to how or by whom the deductible or retention is paid. Any deductible or retention provision limiting payment to the Named Insured is unacceptable. Any deductibles or self-insured retentions must be declared to and approved by the PLAN.

In the event that PLAN seeks coverage as an additional insured under any CONSULTANT insurance policy that contains a deductible or self-insured retention, CONSULTANT shall satisfy such deductible or self-insured retention to the extent of loss covered by such policy, for any lawsuit arising from or connected with any alleged act of CONSULTANT, subconsultant, subcontractor, or any of their employees, officers or directors, even if CONSULTANT or subconsultant is not a named defendant in the lawsuit.

- c. Notice of Termination. All CONSULTANT policies shall provide that the insurance carrier shall give written notice to PLAN at least 30 days prior to cancellation of the policy or policies (unless canceled for non-payment, then 10 days prior written notice will be given) and shall provide notice of such cancellation to PLAN and any other additional insured. If a carrier will not provide the required notice of cancellation, the Consultant shall provide written notice to the PLAN of a cancellation no later than ten (10) business days before cancellation.
- d. Additional Provisions. Each policy or policies of insurance described in Commercial General Liability Insurance, above, shall contain the following provisions:
- Inclusion of PLAN, its successor entity, and their respective commissioners, officers, representatives, agents and employees, agents and volunteers as

additional insureds with respect to work or operations in connection with this Agreement.

- Coverage and endorsement providing that such insurance is primary insurance, and no insurance of PLAN will be called on to contribute to a loss.
 - Coverage shall allow and be endorsed to include a waiver of subrogation in favor of the PLAN, its officers, officials, employees, agents and volunteers.
- e. Certificates of Insurance and Endorsements. Prior to commencement of any work hereunder, CONSULTANT shall deliver to PLAN Certificates of Insurance and amendatory endorsements required under this Agreement verifying the aforementioned coverages. Such certificates shall make reference to all provisions of the endorsements referred to above and shall be signed on behalf of the insurer by an authorized representative thereof. CONSULTANT agrees, upon written request by PLAN, to furnish copies of such policies or endorsements, certified by an authorized representative of the insurer.
- f. Disclaimer. The foregoing requirements as to the types and limits of insurance coverage to be maintained by CONSULTANT are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by CONSULTANT pursuant hereto.
- g. Non-cancellation. Each insurance policy required by this section shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to PLAN JPA. If a carrier will not provide the required notice of cancellation, the Consultant shall provide written notice to PLAN JPA of a cancellation no later than ten (10) business days before cancellation.

7. STATUS OF CONSULTANT

CONSULTANT is an independent contractor retained through this Agreement to provide auditing services. CONSULTANT is not an employee of PLAN and has no authority to contract or enter into any other agreement in the name of PLAN. CONSULTANT has, and hereby retains, full control over the employment, direction, compensation, and discharge of all persons employed by CONSULTANT who are assisting in the performance of services under this Agreement. CONSULTANT shall be fully responsible for all matters relating to the payment of its employees, including compliance with social security, withholding tax and all other laws and regulations governing such matters. CONSULTANT shall be responsible for its own acts and those of its agents and employees during the term of this Agreement.

CONSULTANT shall conduct research and arrive at conclusions with respect to its rendition of information, advice, recommendations, or counsel independent of the control and direction of PLAN or any PLAN official, other than normal contract monitoring, and shall possess no authority with respect to any PLAN decision beyond rendition of information, advice, recommendations, or counsel. The authority of CONSULTANT to make representations or statements on behalf of PLAN shall be limited to representations or statements that reflect or convey agency decisions of PLAN or in its judgement as independent auditors of PLAN in rendering a financial audit.

8. WORK PRODUCTS CONFIDENTIAL

Work products prepared or assembled by CONSULTANT, obtained from others by CONSULTANT or made available to CONSULTANT by PLAN in connection with the services under this Agreement shall be treated as confidential by CONSULTANT, and CONSULTANT agrees that they shall not be made available to any individual or organization without prior approval of PLAN.

9. SUBCONTRACTS

CONSULTANT shall not subcontract all or any portion of its services under this Agreement without the prior written approval of the General Manager or a designated representative, and any attempt to do so shall be void and unenforceable. In the event that CONSULTANT enters into one or more subcontracts pursuant to this Article, it is understood and agreed that the participating subcontractors shall be solely and directly responsible to CONSULTANT, and PLAN shall have no obligation to them.

10. ASSIGNMENT OF AGREEMENT

CONSULTANT shall not assign this Agreement, or any part hereof without prior express written consent of PLAN or a designated representative, and any attempt thereat shall be void and unenforceable.

11. RECORDS

CONSULTANT shall maintain full and adequate books, records, and accounts in accordance with generally accepted accounting practices. All such books, records, accounts, and any and all work products, materials, and other data relevant to its performance under this Agreement shall be retained by CONSULTANT for a minimum of seven (7) years following the fiscal year of the last expenditure under this Agreement.

12. AUDITS

CONSULTANT shall permit PLAN and its authorized representatives to have access to CONSULTANT's books, records, accounts, and any and all work products, materials, and other data relevant to this Agreement, for the purpose of making an audit, examination, excerpt and transcription during the term of this Agreement, and for the period specified in Article 11. CONSULTANT shall in no event dispose of, destroy, alter, or mutilate said books, records, accounts, work products, materials, and data for that period of time.

14. PROHIBITED INTEREST

No member, officer, employee, or agent of PLAN, during his/her tenure shall have any prohibited interest as defined by California Government Code Sections 1090, *et seq.* and 87100 *et seq.*, direct or indirect, in the Agreement or the proceeds thereof. Prohibited interests include interests of immediate family members, domestic partners, and their employers or prospective employers. CONSULTANT further covenants that it has made a complete disclosure to PLAN of all facts of which it is aware upon due inquiry bearing upon any possible interest, direct or indirect, which it believes any member, officer, agent or employee of PLAN (or an immediate family member, domestic partner or employer or prospective employer of such member, officer, agent or employee) presently has, or will have in the Agreement, or in the performance thereof, or in any portion of the profits thereunder. Willful failure to make such disclosure, if any, shall constitute grounds for cancellation and termination hereof by PLAN.

15. SOLICITATION OF CONTRACT

CONSULTANT warrants that it has not employed or retained any company or persons, other than a bona fide employee working solely for CONSULTANT, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person other than bona fide employees working solely for CONSULTANT, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of the Agreement. For breach or violation of this warranty, PLAN shall have the right to terminate the Agreement without liability or, at its discretion, the right to deduct from CONSULTANT's maximum payment the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent consideration.

16. INTEREST OF THE CONSULTANT

CONSULTANT covenants that it has a duty to disclose any potential conflicts of interest and has disclosed any potential conflicts of interest existing at the time of execution of the Agreement. CONSULTANT will otherwise act in accordance with its ethical obligations

in performing its work for PLAN. PLAN acknowledges that CONSULTANT may represent individual members of PLAN, and hereby acknowledges and waives any potential conflict of interest. In the event of an actual conflict, CONSULTANT will be required to recuse itself from matters giving rise to the conflict.

To the extent that an actual or potential conflict of interest is identified in the course of this engagement, CONSULTANT will seek the informed written consent of both PLAN and the other party where appropriate.

17. LAWS AND REGULATIONS

CONSULTANT shall comply with any and all laws, statutes, ordinances, rules, regulations, and procedural requirements of any national, state, or local government, and of any agency of such government, including but not limited to PLAN, that relate to or in any manner affect the performance of the Agreement. Those laws, statutes, ordinances, rules, regulations, and procedural requirements which are imposed on PLAN as a recipient of federal or state funds are hereby in turn imposed on CONSULTANT.

18. REMEDIES FOR BREACH

The duties and obligations imposed by the Agreement and the rights and remedies available thereunder shall be in addition to and not a limitation of any duties, obligations, rights, and remedies otherwise imposed or available by law. No action or failure to act by PLAN or CONSULTANT shall constitute a waiver of any right or duty afforded any of them under the Agreement, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder, except as may be specifically agreed in writing.

19. CHOICE OF LAW

All questions pertaining to the validity and interpretation of the Agreement shall be determined in accordance with the laws of California applicable to agreements made and to be performed within the State.

20. MEDIATION

Prior to the initiation of any legal proceedings, the parties of this Agreement agree to submit all claims, disputes or controversies arising out of or in relation to the interpretation, application, or enforcement of this Agreement to non-binding mediation. Such mediation shall be conducted under the auspices of the American Arbitration Association or such other mediation service or mediator upon which the parties agree. The Party seeking to initiate mediation shall do so by submitting a formal, written request to the other party to this Agreement. This section shall survive completion or termination of this Agreement, but under no circumstances shall either party call for mediation of any claim or dispute arising out of this Agreement after such period of time as would normally bar the initiation of legal proceeding to litigate such claim or dispute under the laws of the State of California.

21. ENTIRE AGREEMENT

The Agreement is the entire agreement of the parties. CONSULTANT represents that in entering into the Agreement it has not relied on any previous representations, inducements, or understandings of any kind or nature.

22. PARTIAL INVALIDITY

If any term or condition of the Agreement is found to be illegal or unenforceable, such term or condition shall be deemed stricken and the remaining terms and conditions shall remain valid and in full force and effect.

23. BENEFIT OF AGREEMENT

The Agreement shall bind and benefit the parties hereto and their heirs, successors, and permitted assigns.

PLAN JPA
FINANCIAL AUDITOR SERVICES - RFP

IN WITNESS WHEREOF, the Agreement has been executed by the parties hereto as of the day and year first written above.

PLAN

CONSULTANT

Rebecca Mendenhall,

President of the Board of Directors

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APPENDIX B – Audited Financial Statements as of June 30, 2024