

GOLDEN STATE RISK MANAGEMENT AUTHORITY
BYLAWS

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ARTICLE I.
DEFINITIONS

A. Unless the context otherwise requires, the designated terms in the Joint Powers Agreement and Bylaws have the following definitions:

1. “Authority” means the Golden State Risk Management Authority.
2. “Basic Risk Coverages” shall mean the protection package offered to all Member Agencies, consisting of protection for risks related to General Liability, Workers’ Compensation, Property, and Miscellaneous exposures, **unless an exception has been made by the Board.**
3. “Board” or “Governing Board” shall mean the governing board of the Authority;
4. “Certificate of Coverage” or “COC” is the document issued by the Authority to Member Agencies specifying the scope and amount of pooled protection provided to each Member Agency by the Authority.
5. “City” shall include cities, towns, and villages, whether incorporated or not. City does not include a County.
6. “Claim” shall mean any demand, action, suit or proceeding against a Member Agency arising out of an occurrence that falls within the Authority’s Joint Protection Program.
7. “County” shall mean a political subdivision of the State of California or any other State of the United States of America. County does not include a City.
8. “Covered Loss” is a loss resulting from a Claim against a Member Agency, in excess of the Member Agency’s deductible, retained limit or self-insured retention that falls within the Joint Protection Program, as prescribed by the pertinent Memorandum of Coverage and Certificate of Coverage.
9. “Excess Coverage” shall mean that coverage afforded by commercial insurance or any pooling arrangement purchased by the Authority to cover losses in excess of the Authority’s own deductible, retained limit or self-insured retention.
10. “Fiscal Year” is the period from the first day of July of each year to and including the thirtieth day of June of the following year.

11. “Incurred Loss” is the sum of moneys paid and reserved by the Authority that is necessary to investigate and defend a Claim and to satisfy a Covered Loss sustained by a Member Agency.
12. “Joint Protection Program” or “Program” shall mean the operation of the Authority under which the Member Agencies are protected against designated losses, through pooling of self-insured funds, joint purchase of commercial insurance, or any combination as determined by the Board.
13. "Member" means a member of the Board.
14. “Member Agency” means any public agency that is a party to this Agreement.
15. “Memorandum of Coverage” or “MOC” is the document issued by the Authority to Member Agencies specifying the limits of liability of the coverage provided to each Member Agency, including the Authority’s deductible or retention amount and Excess Coverage limits.
16. “Special District” shall mean special districts created pursuant to the law of the State of California or of any other state which provides any governmental service. Special Districts shall be treated as Member Agencies except that Special Districts governed through the Board of Supervisors of a County shall be represented on the Board by that County in accordance with Article III hereof.

ARTICLE II.

OFFICES

The Authority’s principal office for the transaction of business is located at 243 West Sycamore Street, Willows, California. The Governing Board may change the location of the principal office from time to time.

ARTICLE III.

GOVERNING BOARD

A. GOVERNING BOARD

The Authority shall be governed by a Board composed of seven (7) Members, all of whom shall be elected or appointed Members of the governing boards of Member Agencies. The Members of the Board shall be composed of: (1) two Members from the boards of supervisors of County Member Agencies; (2) one Member from the city council of a City Member Agency; (3) one Member from the board of trustees of a school district Member Agency; (4) one Member from the board of directors of a cemetery district Member Agency; (5) one Member from the board of

directors of a fire protection district Member Agency; and (6) one member from the board of directors of a Special District Member Agency.

B. ELECTION OF BOARD MEMBERS

1. Annual elections are to be held to fill vacating positions on the Governing Board as described herein. The election process shall include the use of the Board Member Election Timeline. The Timeline shall be updated and approved by the Board annually. The Board Member Election Timeline shall be maintained as a separate document.
2. Vacancies for the Board alternate with representatives for cemetery districts, cities and school districts opening in even numbered years and representatives for fire districts and special districts opening in odd numbered years. Currently, two county representatives are appointed by the Glenn County Board of Supervisors on their own appointment schedule.

Districts in the above member groups will be invited to nominate themselves. The nomination will be for a particular district not for an individual person. If elected, the chosen district shall: (a) appoint a member of their governing board to serve on the Board, and also (b) appoint a second member of their governing board to serve as an alternate Board Member. In the absence of the appointed representative due to (a) resignation, or (b) inability to attend any Board meetings, the alternate representative shall (a) substitute for and replace the resigned representative, or (b) attend board meetings in the place and stead of the absent representative. If no nominations are received for a particular group, the Board shall appoint an individual meeting all requirements for representing that group to fill the opening for the duration of the term.

Once the nomination period has closed and the slate of nominated districts is approved by the Board, an election will be conducted. If a member is the only district nominated for a group, no election voting shall be held for that group and that district will be the considered the winner of the election.

During this election period, nominated districts may contact districts in their peer group to promote their desire to appoint a representative to the Board.

Each district will get one vote each. The vote will either be by board action or by the district representative (usually the district manager or primary contact) as authorized by the district board.

All communication to members will be through their preferred method of communication (email or USPS). Members may vote either electronically or via USPS or fax.

Vote count will not be disclosed to any party prior to the results being presented to the Board.

Election winners are determined by a simple majority of the votes cast. In case of a tie among those receiving the most votes, the winner will be decided by random selection from those candidates that are tied.

If a seated board member is no longer a member of their represented District's governing board, the governing board of that district shall appoint another representative from their governing board. If that board does not appoint a member by the next meeting of the Board, the Board shall appoint an individual meeting all requirements for representing that group for the duration of the term.

If a chosen district has determined to and acted to withdraw from GSRMA, then: (a) when a withdrawal occurs before the term of the appointed representative begins, then the next highest vote getter shall be the chosen district in that member group; or (b) if the withdrawal occurs after the term has begun, the Board shall fill this vacancy by appointing another member agency in that member group to act as a chosen district and to appoint a member of their governing board to serve on the Board for the duration of the term.

C. TERMS OF OFFICE

1. The term of each Member shall be two years.
2. Each Member serves at the pleasure of his or her respective appointing governing body and may be replaced at any time. The County Members shall also represent all special districts that are governed by County boards of supervisors. No person who is an employee of any Member Agency shall be appointed to serve on the Governing Board.

D. VOTING AND COMPENSATION

1. Each Member has one vote.
2. ~~Each Member shall be entitled to compensation in an amount up to \$250.00 per meeting of the Board attended. The Board shall establish the actual amount of compensation up to the maximum.~~ Each district represented by a board member shall be entitled to \$5,000 per member per year of service on the Board. In addition, Members shall be entitled to reimbursement for transportation expenses incurred in connection with performance of duties as a Member pursuant to the Internal Revenue Service's established allowance. The Board may authorize

additional reimbursement for other expenses incurred in connection with duties as a Member.

E. POWERS OF THE BOARD

The Board, consistent with the purposes of the Agreement and these Bylaws, has the power to:

1. Adopt and amend the Authority's Bylaws;
2. Adopt an Annual Operating Budget.
3. Approve or reject agencies applying to become Member Agencies;
4. Elect and remove the risk manager and officers of the Authority;
5. Establish an executive committee or any other committees and delegate to them functions not otherwise reserved to the Board;
6. Contract with consultants and other professional persons or firms, as it considers necessary to carry out the purposes of the Agreement;
7. Authorize risk management audits to review the participation of each Member Agency in the Program;
8. Authorize any officer, staff member, or agent of the Authority to execute any contract in the name of and on behalf of the Authority, and such authorization may be general or specific in nature; however, unless so authorized, no officer, staff member or agent shall have any power to bind the Authority by contract;
9. Approve loss analysis controls by use of statistical analysis, data processing, record and file keeping services in order to help identify high exposure operations and evaluate proper levels of self-retention and possible deductibles;
10. Approve plans to assist Member Agencies in maintaining current, complete, and accurate building and contents values by location for insured properties;
11. Conduct all necessary actions in concluding and dissolving the business affairs of the Authority, including determining the distributions to Member Agencies upon termination of the Authority;
12. Approve specific risks for which the Authority intends to provide protection;

13. Determine the necessity for and amount of any contribution surcharge that may be imposed because of circumstances described in Article X.C.1. and 2. of these Bylaws; and
14. Act in furtherance of the Agreement and these Bylaws.

F. **ADDITIONAL DUTIES OF THE BOARD**

In addition to duties specifically expressed in the Agreement or in the Bylaws, the Board shall:

1. Maintain membership in at least one (1) public risk management association.
2. Assign at least one (1) Member to attend an annual risk management conference.

ARTICLE IV.
OFFICERS

A. **PRESIDENT AND VICE-PRESIDENT**

The Board shall elect a president and vice-president from among its Members at its first meeting each calendar year. Thereafter, at its first meeting in each succeeding calendar year, the Board shall elect a president and vice-president. The term of office of the president and vice president shall be for one (1) year. If either the president or vice-president ceases to be a Member, the resulting vacancy shall be filled at the next regular meeting of the Board which is held after the vacancy occurs. The president shall preside at and conduct all meetings of the Board. In the absence or inability of the president to act, the vice president acts as president. The president also serves as the treasurer of the Authority.

B. **RISK MANAGER**

The risk manager shall be selected and appointed by the Board. The position includes the functions of secretary, chief administrative officer of the Authority, and auditor. The risk manager shall be responsible to the Board for the performance of all functions of the Authority as provided in the Agreement and these Bylaws. In the absence of both the president and vice-president, the risk manager shall preside at and conduct meetings of the Board.

C. **TREASURER AND AUDITOR**

Other than prescribed above, the Board may appoint one of the Authority's officers or employees to serve in the position of either treasurer or auditor, or both of such positions. These offices may be held by separate officers or employees or combined and held by one officer or employee. Such person or persons appointed shall have the powers, duties, and responsibilities as set forth in Government Code Sections 6505, 6505.5 and 6505.6, including the duty to cause an independent annual audit to be made in compliance with Government Code Section 6505.

1. The treasurer shall:
 - a. Have the custody of the Authority's funds;
 - b. Disburse the Authority's funds pursuant to the Board's authority;
 - c. Invest and reinvest the Authority's funds in accordance with state law.

2. The auditor shall:
 - a. Draw warrants to pay demands against the Authority. The warrants drawn by the auditor shall be reviewed by the Board and approved and ratified at the first meeting of the Board following the draft of the warrants;
 - b. Establish and maintain the funds and accounts in accordance with acceptable accounting practices and shall maintain such other records as the Board requires;
 - c. Within one hundred twenty (120) days after the close of each Fiscal Year, give a complete written report of all financial activities for that Fiscal Year to the Authority for the annual audit by a certified public accountant.

D. ASSUMPTION OF DUTIES

Each officer shall assume the duties of his office upon election or appointment, unless otherwise declared by the Board.

E. OFFICIAL BOND

The Board shall require the risk manager, treasurer, and auditor to cause to be filed with the Authority an official bond in an amount to be fixed by the Board, but not less than \$500,000. The Authority shall pay the cost of the premiums for each bond required by it. In the alternative, the Authority may utilize and participate in bond coverage by means of a master bond jointly purchased by public agencies.

F. REMOVAL AND VACANCIES

The Board may remove an officer at any time. A vacancy in an officer position, because of death, resignation, removal, disqualification, or any other cause, shall be filled by election of the Board.

ARTICLE V. LIABILITY OF GOVERNING BOARD, OFFICERS,

COMMITTEE MEMBERS AND LEGAL ADVISORS

A. Members, officers, committee members, and legal advisors to the Board or any committees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to the Agreement and Bylaws. They shall not be liable for any mistake of judgment or any other action made, taken or omitted by them in good faith, nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of Authority funds, or failure to invest.

B. No Member, officer, committee member, or legal advisor to the Board or any committee shall be responsible for any action taken or omitted by any other Member, officer, committee member, or legal advisor to the Board or any committee. No Member, officer, committee member, or legal advisor to the Board or any committee shall be required to give a bond or other security to guarantee the faithful performance of their duties pursuant to the Agreement and Bylaws.

C. The Authority shall investigate and defend actions against, and pay on behalf of the Authority, the Board, the individual Members, the officers of the Authority, any committee, the individual committee members and any legal advisor to the Board within the scope of their assigned duties pursuant to Article IV, subject to a limit of liability within the discretion of the Board, all sums that they or any of them become legally obligated to pay as damages because of any act or omission in the performance of their respective duties as provided in the Agreement and in these Bylaws. This coverage shall not apply to intentionally dishonest or fraudulent acts, or to punitive damages, penalties or sanctions. In the alternative, the Authority may purchase insurance coverage for these exposures, to the extent allowed by law.

D. The risk manager shall contract for all necessary investigation and shall select defense counsel under this Article.

ARTICLE VI.
BOARD MEETINGS

A. REGULAR MEETINGS

1. The Board shall hold bi-monthly meetings. Unless otherwise notified pursuant to the Ralph M. Brown Act, these meetings shall be held at 6:00 p.m. on the second Wednesday of every other month (i.e. July, September, November, January, March, and May). ~~Should any of these days fall upon a legal holiday, the meeting of the Board shall be held on the same day of the following week, or as determined by the Board. The Board may change the meeting date to accommodate any calendar conflicts or cancel a meeting if it's not needed.~~
2. Written notice of each regular meeting of the Board shall be delivered to each Member and/or alternate Member at least seven (7) days in advance of the meeting. The notice shall specify:
 - a. The place, date and hour of the meeting,
 - b. Those matters which are intended to be presented for action by the Board,
 - c. The general nature of any proposal for action by the Board concerning a change in the Agreement or these Bylaws, a change in the membership of the Authority, or any other matter substantially affecting the rights and obligations of the Member Agencies.

B. SPECIAL MEETINGS

1. A special meeting of the Board may be called at any time by the president of the Board, or by a majority of the Members or by the risk manager subject to the requirements for 24-hour written notice to the members and to requesting representatives of the media provided in Section 54956 of the California Government Code.
2. The notice of a special meeting shall specify the time and place of the meeting and the business to be transacted. No other business shall be considered at the meeting.

C. RALPH M. BROWN ACT AND CLOSED SESSIONS

1. Each meeting of the Board, including, without limitation, regular, adjourned regular and special meetings, including any closed session, shall be called, noticed, held, and conducted in accordance with the Ralph M. Brown Act (Section 54950 et. seq. of the Government Code).

2. Closed sessions for pending litigation shall not be semi-closed. Interested members of the public shall not be admitted to a closed session. Closed sessions for pending litigation shall only be attended by Members, legal counsel to the Board, and necessary Authority staff. Persons without an official role in the meeting shall not be present.
3. The risk manager, or his alternate, shall attend closed sessions as the sole necessary or required member of the Authority staff.

D. PLACE OF MEETINGS

Each regular or special meeting of the Board shall be held at a place within the State of California designated by the Board at its preceding meeting or, if no such designation is made, as designated by the risk manager or the president of the Board.

E. RULES OF ORDER AND MINUTES

1. The risk manager shall keep minutes of all regular, adjourned regular and special meetings. Within sixty (60) days after the adoption of the minutes of a meeting, the risk manager shall have a copy of the adopted minutes made available online in the Authority's website accessible by each Member and by each Member Agency through their respective accounts. Alternatively, if a Member or a Member Agency has no internet access, the Authority shall provide a copy of said minutes to the Member or Member Agency upon written request.
2. All meetings of the Board, and of any committees of the Authority, shall be conducted in accordance with Robert's Rules of Order, provided that in the event of a conflict, such rules shall be superseded by the Agreement, these Bylaws, and California law.

F. QUORUM

No business may be transacted without a quorum of the Members being present. A quorum shall consist of four (4) Members. Four Members must vote in favor of a motion to approve it. The Board shall adopt appropriate rules, not inconsistent herewith, for the orderly transaction of its business.

G. ADJOURNED MEETINGS

1. The Board may adjourn any regular or special meeting to a time and place specified in the order of adjournment, whether or not a quorum has been

established. If a quorum is not established, no business other than adjournment may be conducted.

2. A copy of the order for adjournment shall be posted as required by Section 54955 of the California Government Code. No other notice of an adjourned meeting shall be necessary, unless the transacted adjournment is for a period of thirty (30) days or more, in which case notice of the adjourned meeting shall be given in the same manner as notice of the original meeting.

ARTICLE VII. MEMBERSHIP

A. NEW MEMBER AGENCIES

1. ~~Except as provided by Section C.3 below,~~ Public entities that have applied for membership may be approved by the Board and may be admitted to the Program at any time. The Board shall have the sole discretion to admit or reject new Member Agencies. In and through their application for, and acceptance of membership, new Member Agencies shall agree to accept, comply with, and be bound by all the provisions of the Agreement and Bylaws.
2. The agency requesting membership shall supply all loss experience and risk exposure data together with any other relevant information requested by the risk manager.
3. ~~Determination of the initial contribution charges for new Member Agencies shall be pursuant to the calculation provided in Article X of the Bylaws. In the alternative, for Member Agencies with no prior contribution or premium history, the initial contribution shall be established using the data supplied by the new Member Agency.~~
4. ~~The initial contribution rates for new Member Agencies shall remain the same for the first three years of membership, which begins at the first effective date of membership in any coverage part of the Program. For purposes of this paragraph, under no circumstances will a Member Agency's subsequent participation in another coverage part of the Program extend the first three years of membership. The initial contribution rate(s) for the coverage part(s) of the Program that the Member Agency subsequently joins remains the same only throughout the first three years of membership as prescribed in this paragraph. For a new Member Agency admitted at any time other than at the beginning of the Authority's Fiscal Year, the first three years of membership, referred to in Article X of the Bylaws, shall commence at the beginning of the next Fiscal Year of the Authority.~~

B. CANCELLATION

The Authority shall have the right to cancel any Member Agency's participation in the Program upon two-thirds vote of the Board. Any Member Agency so canceled shall, on the effective date of the cancellation, be treated the same as if the Member Agency had voluntarily withdrawn from the Program.

C. WITHDRAWAL

1. ~~A new Member Agency shall not withdraw as a party to this Agreement and as a Member Agency of the Authority for a three-year period commencing on July 1 of the first Fiscal Year as a Member Agency.~~
1. ~~After the initial three-year non-cancellable commitment to the Program,~~ A Member Agency may withdraw only at the end of a Fiscal Year of the Authority, provided it has given the Authority a twelve-month written notice of its intent to withdraw from this Agreement and the Program, except as otherwise permitted by the Board.
2. Any Member Agency that withdraws as a party to this Agreement pursuant to this Article shall not be reconsidered for new membership until the expiration of five years from the Member Agency's withdrawal. *However, the Board in its discretion may approve an exception to this rule for a particular applicant.*

D. EFFECT OF WITHDRAWAL

1. The withdrawal of any Member Agency from this Agreement shall not terminate this Agreement and no Member Agency, by withdrawing, shall be entitled to payment or return of any contribution, consideration, or property paid or donated by the Member Agency to the Authority, or to any distribution of assets.
2. The withdrawal of any Member Agency after the effective date of the Program shall not terminate its responsibility to contribute its share of contributions to the program until all claims, or other unpaid liabilities, covering the period the Member Agency was signatory hereto have been finally resolved and a determination of the final amount of payments due by the Member Agency or credits to the Member Agency for the period of its membership has been made by the Board. In connection with this determination, the Board may exercise similar powers to those provided for in Article 10 (Termination) of the Agreement.

ARTICLE VIII. **ACCOUNTS, RECORDS, AND AUDITS**

A. ACCESSIBILITY OF BOOKS AND RECORDS

Books and records of the Authority in the possession of the auditor shall be open to inspection at all reasonable times by designated representatives of the Member Agencies.

B. AUDITS

1. The Authority shall contract with a certified public accountant for an annual audit of the accounts and records of the Authority at the end of each Fiscal Year. The minimum requirements of the audit shall be those prescribed by the State Controller under Government Code Section 26909 and shall conform to generally accepted auditing standards.
2. Within six months after Board approval, the risk manager shall have a copy of the audit report accessible online in the Authority's website by Member Agencies through their accounts. Alternatively, if a Member Agency has no internet access, the Authority shall provide a copy of said Board-approved audit report to Member Agencies who request so in writing.
3. The Authority shall bear the costs of the audit. These costs are a charge against the operating funds of the Authority.

C. AUTHORIZATION OF PAYMENTS

Before payment by the treasurer of any invoices, billings, and claims for payment of losses, such documents must be approved and signed by the president, vice president, or the risk manager or his or her designee.

ARTICLE IX.
NOTICES

A. Notice to a Member Agency under this Agreement and Bylaws shall be sufficient if made available online in the Authority's website accessible through the Member Agency's online account, or electronically mailed to the Member Agency's designated primary contact, or mailed to the office of the Governing Board of the Member Agency.

B. Notice to the Authority shall be sufficient if mailed to the office of the risk manager.

ARTICLE X.
CONTRIBUTIONS

A. CONTRIBUTION CHARGE

- ~~1. For each of the first three years of membership in the Authority, the Member Agency's annual contribution charge for Basic Risk Coverages shall be calculated on the contribution rate for Basic Risk Coverages based on the twelve-month period immediately preceding the beginning of the Fiscal Year in which the agency becomes a Member Agency of the Authority, modified by pertinent surcharge or credit determined during the Member Agency's application and underwriting.~~

- ~~1. For Basic Risk Coverages to be provided subsequent to a Member Agency's initial membership period of three Fiscal Years, as stated in paragraph A.1. above, T~~the risk manager shall calculate annually the amount of the contribution charge for each Member Agency's Basic Risk Coverages. The risk manager may seek the assistance of an actuary, risk management consultant or other qualified person, in calculating the contribution charge for each Member Agency's Basic Risk Coverages. The risk manager shall make estimated calculations, obtain approval of the Board, and shall distribute the contribution charge bills at least thirty (30) days before the end of the Fiscal Year preceding the year for which the annual contribution charges apply.

2. The risk manager shall determine the annual contribution charge for each Member Agency for each type of coverage under Basic Risk Coverages upon the basis of a cost allocation plan and rating formula developed and approved by the Board. The annual contribution charge for each Member Agency shall include that Member Agency's prorated share of excess insurance contribution or premium and/or reinsurance costs; charge for pooled risk, recognizing the deductible selected and including a margin for contingencies as determined by the Board; claims adjusting and legal cost; and administrative costs and other costs to operate the Authority. The risk manager shall also consider each Member Agency's loss history and loss exposure together with the performance of each Program (coverage) in making the calculations of the annual contribution for each Member Agency.

B REBATES

The Board shall have the authority to rebate the proportionate shares of any surplus funds in a Fiscal Year to that Fiscal Year's Member Agencies. The Board may require that any such rebates be applied in reduction of future contributions.

C CONTRIBUTION SURCHARGE

1. If the Authority experiences unusually severe losses or an unusually large number of losses under any part of the Program in a Fiscal Year, such that notwithstanding reinsurance coverage for large individual losses, the Authority's insurance funds

for that part of the Program may be exhausted before the next annual contributions are due, the Board may, upon consultation with an actuary, impose contribution surcharges on all participating Member Agencies.

2. If it is determined by the Board, upon consultation with an actuary, that the Authority's insurance funds for a part of the Program are insufficient to (a) pay losses, (b) fund known estimated losses, and (c) fund estimated losses which have been incurred but not reported, the Board may impose a surcharge on all participating Member Agencies.
3. Contribution surcharges imposed pursuant to (1) and (2) above shall be in an amount which will assure adequate funds for the part(s) of the Program to be actuarially sound; provided that the contribution surcharge to any participating Member Agency shall not exceed an amount equal to three (3) times the Member Agency's annual contribution for that Fiscal Year, unless otherwise determined by the Board. No contribution surcharge in excess of three times the Member Agency's annual contribution for that Fiscal Year may be assessed, unless ninety days (90) prior to the Board taking action to determine the amount of the surcharge, the Authority provides notice pursuant to the Bylaws to each participating Member Agency of its recommendations regarding its intent to assess a contribution surcharge and the amount recommended to be assessed each Member Agency. The Authority shall, upon request by a Member Agency, provide the requesting Member Agency a copy of the actuarial study upon which the recommended contribution surcharge is based.
4. A Member Agency which has withdrawn or has been terminated at the time a contribution surcharge is assessed, but which was a participating Member Agency during the Fiscal Year(s) for which the contribution surcharge is being assessed, shall pay such contribution surcharges as it would have otherwise been assessed in accordance with the provisions of (1), (2) and (3) above.

D. INSTALLMENT PLANS

Member Agencies shall be permitted to pay their respective annual contribution charge in periodic installments consistent with Board-approved policy.

E. TIMELINESS OF PAYMENTS

1. A Member Agency's payment for the annual contribution charge is due and payable on or by July 1 of the Fiscal Year for which the Authority is providing Basic Risk Coverages. Unless the Board has authorized installment payments, failure of a Member Agency to pay its annual contribution charge in full by

August 1 shall constitute sufficient grounds for the Board to immediately cancel the Member Agency's certificate of protection.

2. Any bill other than for the annual contribution charge is due to be paid within thirty (30) days from the date when said bill was mailed to the Member Agency.
3. The Board may adopt a penalty policy for any late payment of any bill, including, but not limited to, for contribution charges, contribution surcharges, and any adjustment. For the Authority to be able to impose a late-payment penalty against a Member Agency, the Authority, at least thirty (30) days prior to a bill's payment due date, must have provided notice of the adopted penalty policy to the Member Agency pursuant to the notice provisions in the Agreement and Bylaws. Any penalty policy adopted by the Board may be applied against a Member Agency, whether active, terminated or withdrawn.
4. Any and all costs and attorney's fees incurred by the Authority associated, in any way whatsoever, with the collection of contribution charges, contribution surcharges, adjustments, penalties, or any other bill shall be recoverable by the Authority. Upon approval by the Board, if a Member Agency does not pay a bill past due for at least ninety (90) days, the Authority may offset the amount due, in whole or in part, against one or more reimbursement requests submitted by the Member Agency.

ARTICLE XI. **COVERAGES**

A. BASIC RISK COVERAGES

The Basic Risk Coverages contribution charge referred to in Article X above is payment for the coverage provided by the Authority to each Member Agency for the Basic Risk Coverages specified in the Memoranda of Coverage and Certificates of Coverage. The Board may, but is not required, to use standard form policies. The scope of Basic Risk Coverages in the pool shall be determined by the Board. Each Member Agency by the act of paying the contribution charge accepts the Basic Risk Coverages provided by the Authority.

B. PROPERTY COVERAGE

In case of property coverage, such as fire, the policy limits shall be at or greater than the amount of the insurable replacement value of all the property of each of the Member Agencies which the Member Agencies and Authority agree to be covered. The agreed valuation shall be updated annually according to the revised values to be furnished by each Member Agency, which have been obtained as prescribed in Article 9.A.6. of the JPA Agreement.

C. EFFECTIVE DATE

Pursuant to the payment of contributions by each Member Agency to the Authority, the Authority shall issue to each Member Agency a COC and MOC, indicating the coverage provided to the Member Agency by the Authority. The coverage provided by the policy begins for each Member Agency on such date as set forth in the MOC and shall expire at the end of each Fiscal Year of the Authority.

D. SUBROGATION

The Authority shall have the first right to any subrogation recovery. Each subrogation action shall be brought on behalf of both the Member Agency and the Authority. The Authority may pursue subrogation only as respects a Covered Loss.

E. SPECIAL COVERAGES

The Board may, from time to time, adopt special changes to cover additional or lesser risks. A reasonable surcharge may be imposed when the activities of a Member Agency increases the risk to the membership pool. A special change could also be made by the Board upon the request of one or more Member Agencies for additional coverage with the cost of such additional coverage to be paid by the requesting Member Agencies.

F. ADDITIONAL INSURANCE COVERAGES

The Authority shall have the power and authority to establish and offer to all public agencies, whether a Member Agency or not, programs consisting of additional insurance coverages, which may, but are not required to, involve employee fringe benefit plans. Participation in any proffered program of additional insurance coverage shall be voluntary on the part of any Member Agency and shall not affect their participation in the Basic Risk Coverages provided. Selection of particular programs or plans to be offered shall be made by the Governing Board. The Board shall establish the contribution charges including administration costs, method of payments of contributions, and manner and method of administering each such plan or program.

G. WORKERS' COMPENSATION PENALTIES

Any and all penalties assessed against the Authority by the Division of Workers' Compensation shall be paid as follows:

1. Penalties assessed due to the failure of a Member Agency (Employer) to comply with the time requirements or reporting requirements as stated in the Workers' Compensation law shall be paid by the Member Agency (Employer).
2. Penalties assessed due to the failure of the Authority (Insurer) to comply with the time requirements or reporting requirements as stated in the Workers' Compensation law shall be paid by the Authority.

ARTICLE XII.
SETTLEMENT AUTHORITY

A. The Authority shall have the power and authority to negotiate the settlement of any Claim against a Member Agency involving public entity liability or workers' compensation without the consent of the Member Agency, except that consent shall be necessary only if the settlement amount will exceed the Authority's limit of liability.

B. Affected Member Agencies shall have the right to provide the Board with any input or information desired on any pending Claim at any time. The Board shall consider this input in making its decisions on settlements.

ARTICLE XIII.
DISPUTE RESOLUTION

A. NEGOTIATION

The risk manager shall investigate the facts of the dispute and, if necessary, obtain a legal opinion from the Authority's counsel on any legal issues. The Member Agency may submit a

factual statement and a legal opinion, together with any substantiation thereof, to the risk manager. The risk manager shall then attempt to negotiate a resolution of the dispute. Any negotiated resolution shall be taken to the Board for confirmation and approval. If negotiation fails, and the disputed matter is within the authority of the risk manager, the risk manager shall decide the matter in the best interests of the Authority.

B. APPEAL TO THE BOARD

1. If the Member Agency is dissatisfied with the decision of the risk manager, or if the dispute is unresolved because negotiation failed, the Member Agency may appeal in writing to the Board. This appeal shall be requested by the Member Agency within thirty (30) days of the date of the Risk Manger's decision, or of the date on which the risk manager notifies the Member Agency of the determination that negotiation had failed. Upon receipt of the appeal, the matter shall be set for hearing by the Board at the next available regular Board meeting.
2. The risk manager and the Member Agency shall each submit in writing, at least ten (10) days in advance of the Board meeting, a description of the dispute and any additional relevant facts, a factual and/or legal argument, and the desired resolution. The Board shall consider all information provided, including any oral presentations, in making its decision. The Board may require the Member Agency and/or the risk manager to provide additional information and, as necessary, may continue the hearing. Any Board member that is a member of the governing board of the appealing Member Agency shall be disqualified from participating in the appeal. The Board shall direct that written notice of its decision be prepared and served by mail on the appealing member agency within ten (10) working days.

C. RECONSIDERATION

Within ten (10) days after notice of the decision by the Board, the Member Agency may request a hearing by the Board to reconsider its decision. This request for reconsideration shall be in writing and must be based solely upon newly discovered facts or other information not previously considered. The Member Agency shall submit this newly discovered information in writing for consideration by the Board at its next available Board meeting. The Board may allow oral presentations at the hearing. Any Board member that is a member of the governing board of the appealing Member Agency shall be disqualified from participating in the request for reconsideration.

D. ARBITRATION OR MEDIATION

If the Member Agency is not satisfied with the Board's decision on appeal, it may pursue arbitration or mediation. By means of mutual agreement between the Member Agency and the

risk manager, the parties may select binding or non-binding arbitration, mediation, use of counsel in the proceedings, and other procedural matters. The cost of arbitration or mediation shall be borne equally by the Member Agency and the Authority, and each party shall be responsible for its own attorney(s) fees, if attorneys are utilized. Any decision in binding arbitration shall be final and complied with by the parties. Should the parties desire to submit the matter to mediation, the mediation shall be conducted as if court-ordered pursuant to California Code of Civil Procedure Section 1775, *et seq.* (without any monetary limitation). Should the parties desire that the matter be submitted to arbitration, the arbitration shall be conducted pursuant to the rules of the American Arbitration Association.

E. LITIGATION

If the Member Agency or the risk manager is not satisfied with the result in non-binding arbitration, or if mediation fails to produce a mutually satisfactory resolution of the dispute, either party may pursue litigation to resolve the dispute. The risk manager may not commence litigation without the approval of the Board. Any litigation shall be subject to the applicable claims and limitations requirements of the Tort Claims Act. The prevailing party in any such litigation shall be entitled to their reasonable attorney(s) fees and costs from the losing party.

ARTICLE XIV. **AMENDMENTS**

These Bylaws may be amended at any time by a majority vote of the Governing Board. Within thirty (30) days following adoption of amendments, the risk manager shall prepare a copy of the amended Bylaws and make it available pursuant to approved notice provisions.