

TRI-COUNTY SCHOOLS INSURANCE GROUP

AMENDED

BYLAWS TO THE
JOINT POWERS AGREEMENT
FOR THE OPERATION OF COMMON RISK MANAGEMENT
AND RISK POOLING PROGRAMS

BYLAWS

PREAMBLE

TRI-COUNTY SCHOOLS INSURANCE GROUP, hereinafter referred to as the “Authority” or “TCSIG”, is established to provide the capabilities of Risk Management, Self-Funding and Group Purchase of insurance in those areas of risk and exposure selected by TCSIG for the public agencies which are members of TCSIG.

It shall be the goal of TCSIG for its operations to evolve as the needs of its members change. Any area of risk sharing, risk management, loss prevention or cost containment which is determined by TCSIG to be beneficial to its members and which is effective shall be an appropriate endeavor for TCSIG.

SECTION 1

DEFINITIONS

The terms used within the Agreement and within the Bylaws shall have the following meanings:

1.1 “Adjuster” means a person or entity engaged by the Executive Committee for the purposes of determining losses and payments with respect to a Loss Fund.

1.2 “Agreement” means the Amended TRI-COUNTY SCHOOLS INSURANCE GROUP Joint Powers Agreement and these Bylaws.

1.3 “Authority” means the TRI-COUNTY SCHOOLS INSURANCE GROUP created by the Agreement.

1.4 “Basis of Contribution” means the method by which the Executive Committee computes a Members contribution for each Program by Program Year.

1.5 “Benefits” means coverage for any Loss as defined in the Agreement, Bylaws and Policies.

1.6 “Board of Directors” means the governing body of the Authority composed of delegates from each Member as more specifically provided for in Section 5 of these Bylaws.

1.7 “Broker” means a person or entity engaged by the Executive Committee for the purpose of acquiring an insurance policy(s).

1.8 “Contribution” means money paid by a Member to the Authority.

1.9 “Coverage Year” means the period of time commencing on the first day of the month in which coverage issues for a Program or sub-part of a Program, i.e., a Plan, and ends twelve months later.

1.10 “Director” means the delegate, or in the absence of the delegate the alternate, appointed by a Member to serve on the Board of Directors.

1.11 “Employee” shall have the same meaning as provided by Division 3, Part 1, Chapter 1, Section 2 (Section 3350 et seq.) of the California Labor Code, as may be amended.

1.12 “Employee Group” is any group defined under existing applicable collective bargaining law. The Board, Superintendent, Management Employees and Retirees are considered individual Employee Groups even when an agency has no organized bargaining groups.

1.13 “Executive Committee” means the committee created to be the Governing Body and manage the business and operations of the Authority between meetings of the Board of Directors, and to assist the Executive Director on a day-to-day basis pursuant to the terms of the Bylaws.

1.14 “Executive Director” means that person selected by the Executive Committee as an Employee of the Authority to administer the Authority on a day-to-day basis pursuant to the terms of the Bylaws and the direction of the Executive Committee or Board of Directors.

1.15 “Fiscal Year” means the period of time commencing on July 1 of each year and ending on June 30 of the following year.

1.16 “Fund” means a sum of money set apart in a Program administered by the Authority.

1.17 “Insurance Carrier” means a stock, mutual, or non-accessible reciprocal insurance company with a rating or financial status satisfactory to the Authority. Tri-County Schools Insurance Group is not an insurance carrier nor an insurer, it is a risk sharing, self-funded pool.

1.18 “Insurance Policy” means a policy or policies of insurance purchased by the Authority covering risks of the Members.

1.19 “Investment” means the placement of money into those mediums authorized by law for the purpose of deriving income therefrom.

1.20 “Loss(es)” means a demand to secure payment for a loss pursuant to the Agreement and when honored shall include a settlement, judgment, payment, or award against a Member, together with related expenses, legal fees and Reserves.

1.21 “Loss Fund” means the Fund that is created for each Program to cover and pay for Claims of Loss against the Program.

1.22 “Loss Liability” means the liability established by the Authority which represents liabilities with respect to Losses that have been incurred but unpaid and Losses that have been incurred but not reported.

1.23 “Member(s)” means a Public Agency within the State of California which is a signatory to the Agreement and accordingly belongs to TRI-COUNTY SCHOOLS INSURANCE GROUP.

1.24 “Obligations” includes, but is not limited to, all payments required by the law, together with all Reserves which have been established for the purpose of paying Losses or expected Losses and related costs, together with any other legal obligations incurred by the Authority.

1.25 “Operating Fund” means the Fund established by the Authority for the purpose of paying costs of administration, operation and such other costs as are deemed appropriate by the Executive Committee for each Program.

1.26 “Program” means protection and/or services for any major risk or peril, as determined by the Executive Committee.

1.27 “Program Year” means one Fiscal Year of a Program separate from each and every other Fiscal. Year of a Program.

1.28 “Public Agency” means those agencies included within the definition of public agency as set forth in Government Code § 6500, as amended from time to time, and the provisions of succeeding law.

1.29 “Public Education Agency” means a school District, a County office of Education, a Community College District, a Regional Occupation Program, or a Charter School.

1.30 “Reserves” means that part of a Member’s Contribution hold by the Authority to make future payments with respect to Losses and expenses that have been incurred but are unpaid and/or those funds hold by the Authority to stabilize contribution rates.

1.31 “Self-insurance”, permissibly uninsured, means funds and reserves to pay for losses not covered through insurance.

1.32 “Subrogation” means the process for recovering payments from a third party which the Authority has paid on behalf of a Member.

1.33 “Termination of Participation in Program” means a Member’s election, which may be made only after three (3) consecutive years of membership in a Program, to cease participating in that Program, whether for an employee group of the Member or for the member itself.

1.34 “Withdrawal from the Authority” means a Member’s election, which may be made only after three (3) consecutive years of membership in the Authority, to terminate its

membership, to cease being a party to the Agreement and to cease participating in all Programs offered by the Authority.

SECTION 2

RULES OF CONSTRUCTION

- 2.1 The present includes the past or future tenses; the future includes the present tense.
- 2.2 The singular includes the plural; the plural includes the singular.
- 2.3 “Shall” is mandatory and “may” is permissive.
- 2.4 The masculine gender includes the feminine and neuter.

SECTION 3

FUNCTIONS OF THE AUTHORITY

- 3.1 The Authority may perform all functions set out in Section 4 of the Agreement and such other functions as are set forth in these Bylaws.
- 3.2 The Authority may provide self-funded risk pooling plans and systems for liability, property damage, fire damage, medical, dental, vision, or any other risk for the Members. The Authority shall perform, or contract for the performance of, financial, administration, policy formulation, loss servicing, legal representation, safety engineering, health education and other services as necessary or appropriate for the payment and handling of all Claims of Loss, and the performance of all administrative functions, for each approved Program.

SECTION 4

MEMBERSHIP

4.1 Any Public Agency which desires to become a party to the Agreement must be eligible for membership in the Authority. Membership is open to any Public Agency that the Executive Committee determines, in its sole discretion, has similar exposures and interests to the Members. All such Public Agencies may become Members of the Authority as provided below. Each Public Agency which becomes a Member of the Authority shall be entitled to the rights and privileges, and shall be subject to the duties and obligations, of membership as provided in these Bylaws and TCSIG’s policies and plan provisions developed pursuant to these Bylaws.

4.2 Any Public Agency located within the State of California may apply for membership in the Authority and in any one or more of its Programs. Application is complete when the Executive Director receives a fully executed resolution from the applicant’s governing board seeking membership pursuant to TCSIG’s policies. All applications must be received by January 1 of a Fiscal Year, unless otherwise specifically waived by the Executive Committee, in

order to be considered for acceptance for the ensuing Fiscal Year. Membership in the Authority and in any Program is contingent upon satisfying whatever standards for membership the Executive Committee may set. Approval or denial of an application for membership in the Authority or any Program is within the sole and absolute discretion of the Authority.

4.3 The Executive Committee may appoint a Membership committee to review and consider the application of each prospective Member. As part of its review, the Membership Committee shall consider the applicant's past appropriate insurance experience and may consult with professionals as appropriate. Following the review, the membership committee shall recommend approval or denial of the applicant's request for membership to the Executive Committee.

4.4 In regard to an application for membership, the Executive Committee shall:

4.4.1 Review and consider the recommendation of the Membership Committee if one has been appointed;

4.4.2 Decide whether or not to approve the applicant's request for membership and notify the applicant of its decision.

4.5 If the applicant's request for membership is approved, the Executive committee shall:

4.5.1 Determine the conditions and terms under which the applicant is to be admitted to the Authority;

4.5.2 Determine the effective date of membership for the applicant which shall be the first day of a Coverage Year, unless otherwise specifically determined;

4.5.3 Request the applicant to execute a copy of the Agreement together with a written acknowledgment that the applicant will comply with all TCSIG's plan provisions and policies developed pursuant to these Bylaws; and file with the Executive Director a resolution formally adopted by the applicant's governing board approving membership or in the case of the County Office of Education an appropriate document signed by the County Superintendent of Schools.

4.6 The Executive Committee shall report its decisions on all membership applications to the Board of Directors at least once each Fiscal Year.

4.7 In order to be eligible to participate in any Program a returning or new Member:

- (1) May be required to "Buy In" to any Reserves or retained earnings not specifically identified with Losses of current Members. The "Buy In" shall be calculated by the Executive Committee.

- (2) Shall agree that the Member or its employee groups will participate in the Program(s) for which membership is sought for three consecutive years following acceptance as a member.
- (3) Shall pay all Contributions due to TCSIG for the Programs in which the Member elects to participate for all years of participation, and in any event, whether participating or not, for the three years following acceptance as a member.

SECTION 5

BOARD OF DIRECTORS

5.1 The Board of Directors is hereby established as the governing body of the Authority and shall develop policies for and provide general direction to the Executive Committee which shall be the governing body and manage the business and operations of the Authority during the interim between meetings of the Board of Directors.

5.2 Each Member of the Authority shall appoint one (1) delegate and the authorized number of Directors at any point in time shall be equal to the number of Members at that time. Further, each Member is entitled to appoint one (1) alternate to the Board of Directors, both of whom shall be designated by written notice from the Member to the Executive Director. Both the delegate and the alternate must be Employees of the Member appointing them, and each must be either a school administrator or a management level Employee of the Member, except that the alternate may be a “confidential” Employee. Except as provided in Section 5.6.1 below, the delegate and the alternate shall serve at the pleasure of the appointing Member. Only the delegate or alternate may represent a Member, but both may attend all meetings of the Board of Directors.

5.3 Each vote to which a Member is entitled may be cast only by the delegate, if in physical attendance; or the alternate, if in physical attendance, when the delegate is absent. No proxy or absentee voting is permitted. Except as otherwise provided by law or in these Bylaws, every act or decision done or made by a majority of the delegates (or alternates acting in place of delegates) present at a meeting duly held at which a quorum is present shall be the act of the Board of Directors. A meeting at which a quorum is initially present may continue to transact the business of the Board of Directors and shall be the governing body of the Authority notwithstanding the withdrawal of Directors, provided any action taken is approved by at least a majority of the required quorum for the meeting. [By way of example only, if an issue before the Board of Directors is identified with a health benefit Program and twelve (12) of the persons on the Board of Directors have Members who are then participating in that Program, the quorum for this issue is seven (7) Directors. Accordingly this issue may be approved by four (4) of those Directors at a meeting where a quorum of seven (7) Directors representing Members participating in that Program was initially present.] A meeting at which less than a majority of a quorum is present may be adjourned to a later date.

5.4 The voting rights of each Member shall be determined as follows:

5.4.1 If an issue before the Board of Directors is identified with only one (1) Program, each Member then participating in that Program shall have one (1) vote.

5.4.2 If an issue before the Board of Directors is identified with the Authority as a whole and is not appropriately identified with a single Program, each Member shall have one (1) vote.

5.5 A quorum for the transaction of business by the Board of Directors shall be determined as follows:

5.5.1 The quorum for an issue identified with only one (1) Program consists of the majority of those Directors whose Members are then participating in that Program.

5.5.2 The quorum for an issue identified with the Authority as a whole consists of the majority of the authorized number of Directors.

5.6 It is the responsibility of each Member to have its delegate, or in the absence of the delegate, its alternate:

5.6.1 Attend meetings of the Board of Directors, and, if selected or elected to the Executive Committee, attend Executive Committee meetings. The Member's designated alternate automatically becomes the delegate to the Board of Directors if the designated delegate misses four consecutive Board of Directors' meetings. If the delegate has a position on the Executive Committee, the alternate will also assume that delegate's position on the Executive Committee. Should a designated alternate assume the designated delegate's position as set forth above, the affected Member shall either designate a new alternate or designate a new delegate in which event the person that assumed the delegate's position will return to the position of an alternate.

5.6.2 Disseminate information within the Member's district.

5.6.3 Review agendas and minutes.

5.6.4 Provide copies of the annual financial report to the chief administrative officer of the Member.

5.7 The Board of Directors may hold regular, adjourned regular, special and adjourned special meetings; provided, however, that it shall hold at least one (1) regular meeting annually. The date, time and place for the annual and other regular meetings shall be as fixed by resolution of the Executive Committee which resolution shall be filed with each Member. Special meetings may be called by the Board of Directors, the Executive Committee or by the written request of not less than twenty-five (25%) of the Members.

5.8 All meetings of the Board of Directors shall be called, held and conducted in accordance with the terms and provisions of the Ralph M. Brown Act, California Government code Sections 54950, et seq., as amended, and rules of the Board of Directors consistent therewith. Except as otherwise provided or permitted by law, all meetings of the Board of

Directors shall be open and public. Seventy-two (72) hours prior to a regular meeting and twenty-four (24) hours prior to special meetings of the Board of Directors, notice of the meeting and a copy of the proposed agenda shall be publicly posted within each county with Members at such locations as are designated by the Board of Directors and shall be sent to the delegate of each Member.

5.9 The Executive Director shall send to the delegate of each Member a copy of the minutes of each meeting within thirty (30) days after the meeting.

5.10 The Board of Directors, by resolution, shall designate a specific location to which notices, correspondence, and other communications to the Authority must be sent, and shall designate one of its members or the Executive Director as an officer for the purpose of receiving service on behalf of the Board of Directors.

5.11 The Board of Directors shall comply with the provisions of Sections 6503.5 and 53051 of the California Government Code requiring the filing of a statement with the Secretary of State and with the County Clerk.

5.12 The Board of Directors may establish rules governing its own conduct and procedure; and shall have such express and implied authority as is consistent with and not contrary to the laws of the State of California, these Bylaws, or the Agreement.

5.13 No one serving on the Board of Directors shall receive any salary nor compensation from the Authority. However, the Board of Directors may authorize reimbursement for expenses incurred by a Director in connection with that Director's duties as an officer or a member of the Board of Directors.

5.14 If a quorum of the Board of Directors is not present at a regular or special meeting of the Board of Directors, the Executive Committee is specifically empowered to act as the governing body of the Authority on those matters which were to be considered by the Board of Directors at that meeting. Within twenty (20) working days after acting on any such matters, the Executive Committee shall give written notice to each Director of its decisions in regard to such matters and follow the procedures set forth in Section 9.2.

SECTION 6

FUNCTIONS OF THE BOARD OF DIRECTORS

6.1 The Board of Directors shall provide general direction to the Executive Committee and the Executive Director regarding the administration and operation of the Programs and affairs of the Authority.

6.2 The Board of Directors shall have the Authority to carry out all functions of the Authority, including but not limited to, making and entering into contracts; employing agents and employees; acquiring, holding and disposing of property in the name of the Authority; incurring debts, liabilities or obligations necessary for the operation of the Authority; receiving, accepting, expending or disbursing funds by contract or otherwise, for purposes consistent with the provisions herein; directing the investment of funds pursuant to California

Government Code Section 6509 and Education Code Sections 17566 and 81602; and maintaining at all times a complete and accurate system of accounting of all monies of the Authority.

6.3 The Board of Directors shall have the power and authority to receive, accept and utilize the services of personnel offered by any of the Members, or their representatives or agents; to receive, accept, utilize property, real or personal, from any of the Members, or their agents or representatives; and to receive, accept, and expend funds by contract or otherwise for purposes consistent with the provisions of these Bylaws and the Agreement, which funds may be provided by any of the Members or their agents or representatives.

6.4 The Board of Directors shall cause the Executive Committee to develop personnel policies for employees of the Authority.

6.5 The Board of Directors may appoint and dissolve working committees from its active membership or contract for the services of others in keeping with the Agreement and these Bylaws.

6.6 The Board of Directors shall have the power to appoint such other officers and employees as it may deem necessary and may contract with such consultants or other professional persons or firms as may be necessary to carry out the purposes of the Agreement and these Bylaws.

6.7 The Board of Directors shall cause the Executive Committee to determine and report the formulas and methods by which Contributions will be decided and paid to the Authority. The Board of Directors may also provide for the assessment of additional Contributions during a Fiscal Year, if necessary or appropriate to provide for increased costs and expenses as may occur.

6.8 The Board of Directors shall ensure that a complete and accurate system of accounting of the Authority's Funds shall be maintained at all times consistent with established auditing standards and accounting procedures.

6.9 The Board of Directors shall determine, after receiving recommendations from the Executive Committee, the manner in which liability, property damage, fire damage, medical, dental, vision, or any other insurable risk or program and related costs shall be processed for each Program. Such processing shall conform to all provisions of law now in effect or later enacted. The Board of Directors shall maintain, or cause to be maintained, accurate case records for all covered risks and accurate records of all losses paid. The Board shall also provide for loss control services.

6.10 The Board of Directors shall utilize the surpluses in the various Funds to realize the concept of self-insurance.

6.11 The Board of Directors expressly delegates its power to pursue a Member's subrogation rights to the Executive Director.

6.12 The Board of Directors shall provide each Member with the annual independent auditor's report.

6.13 The Board of Directors shall annually prior to July 1 adopt a budget showing each of the purposes for which the Authority will need money and the estimated amount of money that will be needed for each such purpose for the ensuing Fiscal Year. A copy of the budget shall be provided to each Member.

6.14 The Board of Directors, may implement new Programs for any risk or peril permitted by law and not then being provided by the Authority.

6.15 From the members of the Executive Committee the Board of Directors shall select a president ("President"), vice-president ("Vice-President"), secretary ("Secretary") who shall serve as officers of the Authority and of the Executive Committee. Subject to Section 7, these officers shall serve a two (2) year term. The term shall commence on July 1 of even numbered years. Any one or more of these officers may be the same as those who held office the prior term.

6.16 The Board of Directors may, and expressly does, delegate all of the powers set forth herein to the Executive Committee subject to its general power of oversight and review as more fully discussed in Section 9.2.

SECTION 7

OFFICERS

7.1 The principal officers of the Authority shall be a President, Vice-President and Secretary elected by the Board of Directors pursuant to Section 6.15.

7.2 Any person selected as an officer shall be automatically removed from that position should that person miss three (3) Executive Committee meetings within one Fiscal Year without the approval of the President; and may be removed at any time with or without cause by the Board of Directors.

7.3 An interim appointment to replace any officer removed pursuant to Section 7.2. shall be made by the Executive Committee and such appointment shall last until the vacancy is filled for the remainder of the existing term by the Board of Directors.

7.4 The officers of the Authority shall be the custodians of its property. The Authority shall obtain a blanket faithful performance bond covering all officers and Employees in an amount determined by the Board of Directors, but in no event less than that mandated by law.

7.5 The President is the chief executive officer of the Authority, and subject to the control of the Board of Directors and the Executive Committee, shall have general supervision of and direction over the business of the Authority, shall preside at all meetings of the Authority, and shall see that all orders and resolutions of the Board of Directors and Executive Committee are carried into effect. The President may at his or her option appoint ad

hoc committees and shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors or the Executive Committee.

7.6 In the absence or disability of the President, the Vice-President shall be vested with all the powers and authorized to perform all the duties of the President. The Vice-President shall in addition have such powers and perform such duties as may be prescribed from time to time by the Board of Directors, the Executive Committee, or the President.

7.7 Should a conflict of interest arise which involves the President, the Vice-President shall conduct that portion of the meeting which relates to the conflict.

7.8 The Secretary shall attend all meetings of the Board of Directors and the Executive Committee and shall record or cause to be recorded all proceedings of the Authority in the minutes of the Authority.

7.9 Pursuant to Government Code Section 6505.6 the Executive Director shall be the chief financial officer (“Treasurer”) and Auditor of the Authority who shall assume the duties described in Government Code Section 6505.5, as amended, as follows:

7.9.1 Receive and receipt for all monies of the Authority and place them in the Authority’s treasury.

7.9.2 Execute on behalf of the Authority all Contracts for deposit of moneys as required by Government Code Sections 53630 et seq., as amended.

7.9.3 Be responsible for the safekeeping and disbursement of all monies of the Authority held in the Treasury.

7.9.4 Pay, when due, out of monies of the Authority so held in the Treasury, all sums payable by the Authority only upon checks or warrants authorized and drawn by the Treasurer, or his or her authorized representatives, subject to the policies and procedures established by the Executive Committee.

7.9.5 Verify and report in writing to the Executive Committee on a quarterly basis during each Fiscal Year all assets, liabilities, amounts received, and amounts paid out for all funds held by the Authority.

7.9.6 Cause an independent audit to be conducted annually as required by Government Code Sections 6505 and 6505.6.

7.9.7 The Treasurer shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors, the Executive Committee or the President.

SECTION 8

EXECUTIVE COMMITTEE

8.1 The members of the Executive Committee shall serve terms of two (2) years beginning on July 1 of each even numbered calendar year. The Executive Committee shall be composed of seventeen (17) persons selected as follows:

8.1.1 Twelve (12) of whom shall be the delegates appointed under Section 5 by the twelve (12) Members having the largest amounts of Contributions to the Authority during the last odd numbered Fiscal Year completed prior to the commencement of the new term; provided, however, if any Member entitled to have its delegate on the Executive Committee pursuant to this Section 8.1.1, by written notice to the Executive Committee, declines to have its delegate serve on the Executive Committee, then the delegate of the Member having the next largest amount of such Contributions of the remaining Members will become a member of the Executive Committee;

8.1.2 Five (5) of whom shall be the delegates appointed under Section 5 by those Members selected by the Board of Directors pursuant to Section 8.4 from the remaining Members; and

8.1.3 Three (3) of the members of the Executive Committee, whether selected under Sections 8.1.1 or 8.1.2, or both, must consist of a delegate appointed under Section 5 by one (1) Public Education Agency Member located in Sutter County, one (1) Public Education Agency Member located in Yuba County, and one (1) Public Education Agency Member located in Colusa County. By way of example only, if a Public Education Agency from Sutter County is entitled to have its delegate serve on the Executive Committee pursuant to Section 8.1.1, and there are no Public Education Agencies from Yuba and Colusa Counties that are similarly entitled, then two (2) of the members of the Executive Committee selected under Section 8.1.2 must be delegates from Public Education Agencies, one of which is located in Yuba County and one of which is located in Colusa County.

8.2 No Member may have more than one delegate serving on the Executive Committee at the same time.

8.3 For purposes of determining the twelve (12) Members with the highest Contributions, a Member withdrawing from the Authority is not eligible to have its delegate serve on the Executive Committee and the Contributions of a Member terminating its membership in any Program shall not have its Contributions to such Program included in the determination of the amount of its Contributions.

8.4 At least fourteen (14) days prior to the annual meeting of the Board of Directors at which the members of the Executive Committee will be selected for the next term, the then current Executive Committee shall (i) based on the books and records maintained by the Authority determine the identity of the twelve (12) Members having the largest amounts of Contributions to the Authority for the last odd numbered Fiscal Year completed prior to the commencement of the new term that are willing to have their delegates serve on the Executive Committee, and (ii) subject to the requirements of Section 8.1.3, develop a list of five (5)

Member nominees whose delegates would serve under the provisions of Section 8.1.2. Prior to such annual meeting, the Directors shall be informed by mail of the twelve (12) largest contributing Members whose delegates will serve on the Executive Committee for the next term, and be provided with the list of Member nominees for the five (5) remaining positions for that term which list also identifies any Public Education Members coming within the provisions of Section 8.1.3. This final list of Member nominees shall be presented at such annual meeting for approval by the Board of Directors. Additional Members may be added to the list of Member nominees at that meeting by any Director. If additional Members are added, the Board of Directors by vote, and in conformance with the requirements of Section 8.1.3, shall determine the Members whose delegates will hold the remaining positions on the Executive Committee.

8.5 In the event of the physical absence of a delegate member of the Executive Committee at any meeting of the Executive Committee, the alternate appointed under Section 5 by the Member whose delegate is absent may act and vote in place of the absent delegate. Other than as so provided, no proxy or absentee voting is permitted.

8.6 If a delegate member of the Executive Committee misses three (3) meetings of the Executive Committee within one Fiscal Year without the approval of the President, the alternate for that delegate shall automatically take the place of that delegate as a the member of the Executive Committee until the affected Member appoints a new delegate pursuant to Section 5.6.1.

8.7 The Executive Committee shall be the governing body and manage the business and operations of the Authority during the interim between meetings of the Board of Directors.

8.8 The Executive Committee may hold regular, adjourned regular, special and adjourned special meetings; provided, however, that it shall hold at least one (1) regular meeting in each quarter of each Fiscal Year. The date, time, and place for these regular meetings shall be as fixed by resolution of the Executive Committee, which resolution shall be filed with each Member. Special meetings may be called by the President, by the written request of not less than twenty-five (25%) percent of the members of the Executive Committee or by the written request of not less than twenty-five (25%) percent of the Members.

8.9 All meetings of the Executive Committee shall be called, held and conducted in accordance with the terms and provisions of the Ralph M. Brown Act, as amended, and the rules of the Executive Committee consistent therewith. Notice of any meeting shall be given in the same manner as provided in Section 5.8 for meetings of the Board of Directors.

8.10 Every act or decision done or made by a majority of the Executive Committee members (including alternates acting in place of delegates) present at a meeting duly held at which a quorum is present shall be an act of the Executive Committee. A meeting at which a quorum is initially present may continue to transact the Executive Committee's properly noticed business notwithstanding the withdrawal of committee members, if any action taken is approved by at least a majority of the required quorum for the meeting. A meeting at which less than a quorum is present may be adjourned to a later date.

8.11 All delegates and alternates to the Board of Directors may attend any meeting of the Executive Committee but may not vote if not a member of the Executive Committee. Only Executive Committee members may vote.

8.12 The Executive Director shall send to the delegate of each Member a copy of the minutes of each meeting within thirty (30) days after the meeting.

SECTION 9

EXECUTIVE COMMITTEE DUTIES

9.1 The Executive Committee shall act as the governing body of the Authority and exercise all of the powers of the Board of Directors during the interim between meetings of the Board of Directors, except those powers that are specifically reserved for the Board of Directors and provided that no action taken shall be in conflict with the expressed policies of the Board of Directors.

9.2 All decisions of the Executive committee shall constitute the decisions of the Board of Directors, unless, within twenty (20) days after mailing of the notice specified below, written requests signed by a total of at least twenty-five percent (25%) of the Directors is received at the Authority's office requesting that such matters be placed upon the agenda of the next meeting for consideration by the Board of Directors. In the event such requests are received, the Executive Committee shall set within thirty (30) days, a special meeting of the Board of Directors to consider such matters. The date set for the meeting shall not be less than thirty-five (35) days nor more than sixty (60) working days after receipt of the requisite number of requests. For purposes of these provisions, the sending of minutes of meetings of the Executive committee as required by Section 8.12 shall constitute the mailing of notice required by this Section; except that any notice given pursuant to Section either 5.14 or 19.3 shall constitute the required notice for decisions made under those Sections. If the Board of Directors does not act on a decision by requesting review of the decision as set forth herein, the decision of the Executive Committee shall stand as a though a decision of the Board of Directors.

9.3 The Executive Committee shall have the authority to carry out all functions of the Authority, including, but not limited to, making and entering into contracts; employing agents and employees; acquiring, holding and disposing of property in the name of the Authority; incurring debts, liabilities, or obligations necessary for the operation of the Authority; receiving, accepting, expending or disbursing monies by contract or otherwise, for purposes consistent with the provisions hereof; directing the investment of monies pursuant to California Government Code Section 6509 and Education Code Sections 17566 and 81602; and maintaining at all times a complete and accurate system of accounting of all monies of the Authority.

9.4 The Executive Committee shall have the power and authority to receive, accept and utilize the services of personnel offered by any of the Members, or their representatives or agents; to receive, accept, utilize property, real or personal, from any of the Members, or their agents or representatives; and to receive, accept, and expend funds by contract

or otherwise for purposes consistent with the provisions of these Bylaws and the Agreement, which funds may be provided by any of the Members or their agents or representatives.

9.5 The Executive Committee may retain the services of an Executive Director to administer the day-to-day operations of the Authority.

9.6 The Executive Committee shall oversee, assist and direct the Executive Director in the performance of his or her duties.

9.7 The Executive Committee shall develop personnel policies for Employees of the Authority.

9.8 The Executive Committee shall determine the selfinsured retention of liability limit for the Members and the Authority, if any. Excess liability protection, i.e., protection above and beyond the protection provided by this Authority, shall be determined by the Executive Committee for each Program.

9.9 The Executive Committee shall determine formulas and methods by which the amount of Contributions will be decided and paid to the Authority. Such formulas and methods may include experience modification factors for the purpose of adjusting the Contributions of individual Members based on a Member's actual loss experience.

9.10 The Executive Committee may implement new Programs and Plans not currently being provided.

9.11 The Executive Committee may determine that additional Contributions are necessary from all Members or from individual Members in a particular Program during a Program Year, if necessary or appropriate to allow or provide for increased costs and expenses that have occurred or may occur. The Executive Committee shall direct the Executive Director to calculate and collect from the Members participating in the Program for the relevant Program year the additional Contributions so determined to be due.

9.12 The Executive Committee shall ensure that the system of accounting for the Authority's Funds be maintained in a manner which at all times is consistent with established auditing standards and accounting practices and procedures.

9.13 The Executive Committee shall determine the manner in which liability, property damage, fire damage, medical, dental, vision, or any other insurable risk or peril and related costs shall be processed for each Program. Such processing shall conform to all provisions of law now in effect or later enacted.

9.14 The Executive Committee shall maintain, or cause to be maintained, accurate case records for all risks insured against and accurate records of all Losses paid or reserved.

9.15 An annual independent auditor's report shall be forwarded to Members on at least an annual basis.

9.16 The Executive Committee shall provide for loss control services.

9.17 The Executive Committee shall determine standards and methods by which an applicant may become a Member of the Authority.

9.18 The Executive Committee shall evaluate applications for membership from prospective new members and approve or deny participation by the applicant, all as more fully set forth in Section 4.

9.19 The Executive Committee shall make appropriate periodic reports to the Members on the status of the Authority and its Programs.

9.20 The Executive Committee shall develop, or cause to be developed, and recommend to the Board of Directors for approval, a projected annual budget for the Authority.

9.21 The Executive Committee shall establish subcommittees as necessary or appropriate to serve under the direction of the Executive Committee. The subcommittees shall investigate, study and make recommendations to the Executive Committee or the Board of Directors, as appropriate. Membership of the subcommittees must be composed of delegates (or alternates acting in place of delegates) of Members; other persons may be appointed to the subcommittees in an advisory capacity only.

9.22 The Executive Committee may approve modifications and revisions to the budget during each Fiscal Year. At the next scheduled Board of Directors' meeting, the Executive Committee shall report its action and the basis for the action to the Board of Directors.

9.23 The Executive Committee shall review the expenditures of the Funds of the Authority to make certain such expenditures fall within the categories approved by the Board of Directors and shall authorize such expenditures.

9.24 The Executive Committee may delegate such duties to the Executive Director as are consistent with the terms of the Agreement, these Bylaws and statutes.

9.25 The Executive Committee may by resolution increase or decrease the upper limit on the authority of the Executive Director under Section 10 to settle appropriate Claims of Loss without prior approval. The Executive Director may delegate this authority with approval of the Executive Committee.

9.26 The Executive Committee shall cause to be created at least annually an investment policy setting forth directions regarding appropriate investments. Following approval of the policy by the Executive Committee, the Executive Committee is specifically empowered and directed to advise the Treasurer of the County, which acts as the Authority's depository, of investments which it should pursue on behalf of the Authority.

9.27 The Executive Committee shall enforce the terms of the Agreement and these Bylaws and shall pursue legal action for late payment or nonpayment of Contributions. If legal action is commenced, a defaulting Member shall pay actual attorneys fees and costs to the Authority as determined by the court.

SECTION 10

EXECUTIVE DIRECTOR

10.1 The executive director (“Executive Director”) shall be selected by the Executive Committee as the chief operating officer of the Authority.

10.2 The Executive Director shall be an ex-officio Member of all committees and subcommittees of the Authority and shall attend all committee meetings.

10.3 The Executive Director shall attend all meetings of the Board of Directors and the Executive Committee.

10.4 The Executive Director shall be responsible for giving notice of, and providing the proposed agenda for, all meetings of the Board of Directors and the Executive Committee as required by these Bylaws.

10.5 When the Executive Committee authorizes the retention of additional employees, the Executive Director shall hire, supervise, direct, evaluate and assign Employees of the Authority.

10.6 The Executive Director shall recommend policies, regulations, rules and procedures deemed necessary or appropriate for the well-being of the Authority.

10.7 The Executive Director shall perform all duties usually vested in the office of executive director and such other duties as may be prescribed by the Board of Directors, the Executive Committee, or the President.

10.8 The Executive Director shall supervise all third party administrators retained by the Authority and may approve settlements suggested by the third party administrator to the limits set by the Executive Committee.

SECTION 11

FINANCE

11.1 The Authority shall operate on a Fiscal Year.

11.2 Each Member shall pay to the Authority each Fiscal Year the annual Contribution as set by the Executive Committee and approved by the Board of Directors pursuant to these Bylaws for each Program in which the Member participates. The integrity of the Authority rests on all Contributions being paid. The annual rate of contributions is based on the participation of all then current Members. Contributions are due and payable on receipt of the invoice and shall be considered past due on the eleventh day of the month following the month in which the invoice was issued at which point interest shall begin to accrue at the lesser of (i) the rate of twelve percent (12%) per annum, or (ii) the maximum rate permitted by law. The Authority will continue to pay losses for Members delinquent in making payments for no more than ninety (90) calendar days, at which point it will cease paying losses until the Member is

brought current. Within sixty (60) calendar days written notice will be mailed to the Member that losses will not be paid as of a date certain unless the Member's account is brought current.

11.3 A Member's failure to remain current is grounds for termination after ninety (90) days. The Authority will then pursue all relief against the Member as allowed in this Agreement. See for example Section 11.4.

11.4 Should a member fail to pay its annual Contribution the Executive Committee shall initiate legal action as allowed by Section 9.27 to recover the unpaid portion of the annual Contribution and other Contributions or assessments for the relevant Program Year, if any, plus interest at the lesser of (i) the rate of twelve percent (12%) per annum, or (ii) the maximum rate permitted by law, even if the Member withdraws or its membership is terminated.

11.5 Member Districts or employee groups of member Districts withdrawing from membership in a Program(s) before the elapse of the initial mandatory three years of participation, shall be responsible for all contributions for the three year term, as though the member or employee group continued to participate in the Program(s).

11.6 In determining a Member's Contribution or other payments for a Program Year, all of that Member's full-time Employees within a participating employee group which is, or is to be, covered under a Program will be treated as covered under the Program whether or not coverage is elected on an individual basis by any Employee(s) in that group.

11.7 All Contributions for all Programs may be commingled and held in one account provided:

11.7.1 A separate accounting system of Funds shall be kept for each Program administered by the Authority.

11.7.2 All Contributions shall be credited to the proper fund of the Authority and all Losses shall be paid from the proper Fund.

11.8 It is the obligation of the Authority to handle, process and pay only those Losses of a Member which arise out of facts occurring during the period of that Member's membership in the Program to which the Loss relates.

11.9 The Authority may invest in itself. The Executive Committee may authorize a loan from a Program's Funds then available for long term investment to another Program. At the time any such loan is made, the Executive Committee shall establish the rate of interest to be charged to the Program receiving the loan proceeds. In determining the rate of interest, prevailing prime rates as well as yield on other investments shall be considered. The interest shall accrue to the benefit of, and shall be paid to, the Program making the loan. The Executive Committee shall also establish a repayment schedule and may evidence the transaction through the use of a promissory note or other documentation. A loan under this Section may be made only in the event that the loan does not jeopardize or pose any material risk to the stability of the Authority or any Program. Members of the Program to which the loan is made shall be assessed additional Contributions for the amount of the principal and interest of any such loan.

11.10 Should the total Losses or Obligations against all of the Members participating in a Program exceed in any Program Year the total annual Contributions paid by those Members for that Program Year, those Members may be assessed by the Executive Committee an additional amount based upon the percentage of annual Contributions paid by each Member relative to the total annual Contributions paid by all Members for that Program Year.

11.11 All expenditures and disbursements of money from each Fund shall be authorized in accordance with rules and procedures established by the Executive Committee and approved by the Board of Directors.

11.12 The Authority shall establish and fund over a period of time such stabilization and contingency reserves as are necessary to provide for the stability of each Program offered by the Authority. The Executive Committee shall establish and review the level of each account.

11.13 After the purposes of the Authority have been fully realized including rate stabilization and contingency reserves, the Board of Directors, upon recommendation of the Executive Committee, may return to the Members surplus funds on a pro-rata basis pursuant to such formula as may be set by the Executive Committee.

11.14 In the event the acquisition of real property or equipment becomes necessary, the Executive Committee shall have the authority to transfer monies from any available Fund or other source and, if necessary, to assess then current or future Members an additional amount to provide for any such acquisitions. The Executive Committee may reserve any monies collected in excess of the actual cost of purchases or transfer them to other Fund categories.

11.15 Each Program Year shall operate separately and be segregated from every other Program Year in regard to its assets, Funds, Losses and Obligations. Those assets, Funds, Losses and Obligations are pooled assets, Funds, Losses and Obligations of each Program for each Program Year.

11.15.1 All Program revenues, Contributions, Obligations, expenditures and disbursements that can be separately and distinctly identified by Program Year shall be accounted for separately by each Program Year.

11.15.2 All Program revenues, Contributions, Obligations, expenditures and disbursements that cannot be separately and distinctly identified by Program Year (such as interest income, auditor fees, travel and meeting expenses, and the like) shall be allocated to each Program Year in a logical and consistent manner, as determined by the Executive Director subject to Executive Committee approval.

11.16 By the last day of each Fiscal Year, the Executive Committee shall provide to the Members of a Program the Basis of Contribution for the ensuing Program Year.

SECTION 12

ACCOUNTS AND RECORDS

12.1 The Authority is strictly accountable for all monies received and disbursed by it and, to that end, the Authority shall establish and maintain such Funds and accounts as may be required by good accounting practice or by any provision of law or by the Board of Directors. The following Funds shall be established:

12.1.1 Loss Funds: Losses shall be paid from these Funds, but only to the extent that a Loss exceeds a member's threshold deductible, if any, established annually by the Executive Committee, as limited by the actual amount of the Loss.

12.1.2 Operating Funds: These Funds shall be established and maintained for each Program for the purpose of paying for the costs associated with the administration and operation of a Program including but not limited to:

- (a) Insurance premiums,
- (b) Loss management costs,
- (c) Cost of administration,
- (d) Safety engineering,
- (e) Data processing costs,
- (f) Investigative costs,
- (g) Administrative legal costs,
- (h) Audit costs, and
- (i) Such other costs as deemed necessary or appropriate by the

Executive Committee.

12.1.3 The Authority may add such other Funds as needed.

12.2 The County Treasury of a county in which a Member is situated or any other lawful depository shall be selected by the Executive Committee as the designated depository, i.e., Treasury of the Authority.

12.3 The Executive Committee shall make, or contract with a certified public accountant to make, an annual audit of the accounts, records and financial affairs of the Authority. In each case, the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 6505 of the California Government Code, and shall conform to generally accepted auditing standards and accounting principles. When such an audit or accounts and records is made by the certified public accountant, a report thereof shall be filed as a public record with each member. Such report shall be filed within twelve (12) months

of the end of the Fiscal Year under examination. Any costs of the audit, including contracts with or employment of certified public accountants in making the audit shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

12.4 The Executive Director, or his or her authorized representatives, shall draw checks or warrants to pay demands against the Authority.

SECTION 13

INVESTMENT OF SURPLUS FUNDS

13.1 The Executive Committee shall have the power in compliance with Section 6509.5 of the Government Code, as amended, to cause the Treasurer of the County acting as the designated depository or the Treasurer of the Authority to invest such reserved or surplus funds as are not necessary for the immediate operation of the Authority in such investments as are allowed by law.

13.2 The level of cash to be retained for the actual operation of the Authority shall be determined by the Executive Committee.

SECTION 14

RISK MANAGEMENT

14.1 The Executive Committee shall develop guidelines of risk management practices for each Program.

14.2 Each Member shall implement the guidelines of risk management practices developed by the Executive Committee. Failure to implement the risk management programs developed by the Executive Committee is grounds for involuntary termination from the Authority under Section 17.

SECTION 15

TERMINATION OF MEMBERSHIP IN A PROGRAM

15.1 All members and Member Employee Groups must participate in each Program for an initial three year period following membership in the Program. Any Member or Member Employee Group having completed three (3) consecutive Fiscal Years in a Program may terminate participation in that Program at the end of the third Fiscal Year or at the end of any ensuing Fiscal Year by notifying the Executive Committee in writing prior to January 1 of the Fiscal Year in question. A Member or Member Employee Group so indicating an intent to withdraw cannot rescind the notice of withdrawal without seeking and obtaining approval of the Executive Committee which approval may be granted or denied in the sole and absolute discretion of the Executive Committee.

15.2 Any Member or Member Employee Group which terminates its participation in a Program shall be considered for readmission to that Program, but will be treated as a new member with regard to the Program and will be required to “buy-in” to the Program in the same manner as new Members, unless such “buy-in” is waived by the Executive Committee which waiver may be granted or denied in the sole and absolute discretion of the Executive Committee.

15.3 A Member which terminates its participation in any Program shall have no residual rights in any Funds or other assets of the Authority whether or not resulting from that Member’s participation in that Program.

15.4 A Member which terminates its participation in any Program shall continue to be responsible for the amount of any costs, liabilities, assessments or contingencies due to Losses against the Member or the Authority for the Program Year(s) in which the Member participated in the Program.

SECTION 16

WITHDRAWAL FROM THE AUTHORITY

16.1 Any Member having completed three (3) consecutive Fiscal Years as a Member may withdraw from the Authority and as a party to the Agreement at the end of the third Fiscal Year or at the end of any ensuing Fiscal Year following completion of the third by delivering to the Executive Committee a resolution from its governing board stating its intent to withdraw prior to January 1 of the Fiscal Year in question.

16.2 Upon the withdrawal of a Member from the Authority, the Board of Directors shall follow the same procedures as provided for the termination of participation in a Program as set forth in Section 15 for each Program in which the Member participated.

16.3 A Member which withdraws from the Authority shall have no residual rights in any Funds or other assets of the Authority whether or not resulting from the Member’s participation in the Authority. The only right such a Member has to receive any assets of the Authority is that set forth in Section 18.

16.4 A Member which withdraws from the Authority shall continue to be responsible for the amount of any costs, liabilities, assessments or contingencies due to Losses against the Member or the Authority for the Program Year(s) in which the Member participated in any Program.

SECTION 17

INVOLUNTARY TERMINATION

17.1 A Member may be involuntarily terminated from the Authority or from any Program at any time upon recommendation of the Executive Committee and a majority vote of the authorized number of directors of the Board of Directors or by a vote of two-thirds (2/3) vote of the authorized members of the Executive Committee when a quorum of the Board of

Directors is not available. Involuntary termination from the Authority shall have the effect of eliminating the Member as a signatory of the Agreement and as a Member, effective at the end of the Fiscal Year in which the action is taken or at such other date as the Board of Directors or Executive Committee may specify in its sole and absolute discretion. Should a Member be involuntarily terminated from the Authority or from any Program, the provisions of either Section 15 or 16 will apply as though the Member were voluntarily withdrawing as a Member of the Authority or terminating its participation in a Program, as the case may be. The Member shall continue to be responsible for the amount of any costs, liabilities, assessments or contingencies due to the Member's participation in the Authority or a Program as set forth in Sections 15 and 16.

17.2 Grounds for involuntary termination include, but are not limited to, the following:

17.2.1 Failure or refusal of a Member to abide by the Bylaws, any amendment to the Bylaws or TCSIG's policies.

17.2.2 Failure or refusal to pay Contributions or assessments to the Authority as provided in Section 11.2 or elsewhere in the Bylaws.

17.2.3 Persistent failure or refusal to follow risk management practices.

17.2.4 Failure to comply with safety programs adopted by the Authority.

17.2.5 The making of any untrue statement of a material fact by a Member to the Authority, or the failure of a Member to disclose a material fact to the Authority, resulting in fraud, misrepresentation or concealment for the purposes of obtaining or continuing loss protection with the Authority.

17.3 A Member which is involuntarily terminated from the Authority shall have no residual rights in any Funds or other assets of the Authority whether or not resulting from the Member's participation in the Authority. The only right such a Member has to receive any assets of the Authority is that set forth in Section 18.

SECTION 18

DISPOSITION OF ASSETS

18.1 In the event a Member terminates its participation in a Program in whole or in part, or withdraws from, or is involuntarily terminated by, the Authority, the Member shall have no right to receive any share of the Authority's assets until such time as the Authority is dissolved and all Obligations are paid.

18.2 In the event of termination of the Agreement and the dissolution of the Authority, after determining that all known Obligations have been paid or adequately provided for, the Board of Directors shall distribute all remaining assets of the Authority in the manner determined by the Board of Directors in its sole and absolute discretion, with the objective of returning to each Public Agency then a Member, and to each Public Agency not then a Member

but which was a Member at any time on or after July 1, 1994, a proportionate return on the Contributions made by such parties (“Pro-Rata Share”).

18.3 A party’s Pro-Rata Share shall be based on the total Contributions paid by the Member or former Member from and after July 1, 1994 divided by the total Contributions paid by all Members and former Members from and after July 1, 1994 to the date of the Authority’s dissolution. The Executive Committee, in its sole and absolute discretion, may pay a party’s Pro-Rata Share through a transfer of property or through a payment of cash. Any such transfers or payments shall be made within a reasonable time following dissolution of the Authority.

18.4 The then current fair value of the Authority properties shall be deemed to be the amount of money those properties would bring at a public sale.

SECTION 19

AMENDMENT

19.1 Amendment of these Bylaws may be proposed by any Member by written notice to the Authority. Within thirty (30) working days after receipt of notice, the proposed amendment shall be referred to the Executive Committee for its consideration. A copy of the proposed amendment, with the Executive Committee’s recommendations and reasons therefor, shall be forwarded to the Board of Directors within ninety (90) calendar days after submission to the Executive Committee. The Board of Directors shall then notify each Member of the proposed amendment and the Executive Committee’s recommendations and reasons.

19.2 The Board of Directors and the Executive Committee may also propose amendments to the Bylaws. Any such proposal shall be immediately submitted to the Executive Committee and then shall be handled as provided in Section 19.1 above.

19.3 The Bylaws may be amended by a majority vote of the authorized number of Directors of the Board of Directors or by a two-thirds (2/3) vote of the authorized number of members of the Executive Committee when a quorum of the Board of Directors is not available; however, any amendment of the Bylaws by the Executive Committee shall be effective only after notice of the action is given to the Board of Directors as provided in Section 9.2 and no request for consideration by the Board of Directors is timely made under that Section. Amendments shall be binding upon all Members of the Authority. The effective date of any amendment will be on July 1 following adoption, unless otherwise stated in the resolution adopting the amendment.

SECTION 20

SEVERABILITY

20.1 Should any portion, term, condition or provision of these Bylaws be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions and provisions shall not be affected thereby.