

**BYLAWS**

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS**

# BYLAWS

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# **BYLAWS**

## **PREAMBLE**

The **BUTTE SCHOOLS SELF-FUNDED PROGRAMS**, hereinafter referred to as “**Authority**” or “**BSSP**,” is established to provide the capabilities of risk management, self-funding, risk pooling and group purchase of insurance in those areas of risk and exposure selected by BSSP’s Members for the public educational agencies which are Members of BSSP.

It will be the goal of BSSP 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 BSSP to be beneficial to its Members will be an appropriate endeavor for BSSP.

## **ARTICLE I. DEFINITIONS**

Unless the context requires otherwise, the terms used herein will have the following meanings:

“**Adjuster**” means that person hired by the Board to determine losses and make or recommend payments from the appropriate Loss Fund.

“**Agreement**” means the Amended **BUTTE SCHOOLS SELF -FUNDED PROGRAMS** Joint Powers **Agreement** and these **Bylaws**.

“**Authority**” means **BUTTE SCHOOLS SELF-FUNDED PROGRAMS**, a Joint Powers **Authority** created by this **Agreement** pursuant to California Government Code sections 6500, *et seq.*

“**Benefit**” means coverage for any loss as defined in the **Agreement, Bylaws, and Policies**.

“**Board of Directors**” means the governing board of the **Authority** established by the **Bylaws** to direct and control the **Authority**.

“**Broker**” means the person engaged by the Board for the purpose of acquiring an insurance policy or insurance policies.

“**Claim**” as used in this **Agreement** refers to a demand made against a School District or the **Authority** for an injury or loss as allowed by the California Government Code.

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

**“Covered Losses”** are those losses made against school districts which are in excess of the school district's deductible and for which protection is provided pursuant to this **Agreement**.

**“Director”** means the designated representative and in his/her absence designated alternate who will serve on the **Board of Directors** at the pleasure of a **Member** as provided in this **Agreement**.

**“Eligible Subscriber”** will mean any active or retired employee to whom the public agency has granted medical benefits coverage through its group contract.

**“Employee”** will have the same meaning as provided by Division 3, Part 1, Chapter 1, Article 2 (Section 3350, *et seq.*) of the California Labor Code, as currently in effect or hereafter amended.

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

**“Executive Committee”** means the standing committee created to be the governing body between the meetings of the **Board of Directors**, as needed. The **Executive Committee** will make recommendations to the **Board of Directors** regarding the operations of the **Authority**.

**“Executive Director”** will refer to that person hired 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 **Board of Directors** and **Executive Committee**.

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

**“Fund”** means a sum of money set apart for each **Program** administered by the **Authority**.

**“Insurance Carrier”** is a stock, mutual or non-assessable reciprocal insurance company with a rating or financial status satisfactory to the **Authority**. **BSSP IS NOT AN INSURANCE CARRIER AND SPECIFICALLY DISCLAIMS THE OBLIGATIONS PLACED ON INSURANCE CARRIERS BY LAW; BSSP IS**

**A RISK SHARING POOL GOVERNED BY THIS AGREEMENT.**

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

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

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

**“Loss Report”** means a report showing a **Member's** actual Losses for each **Program** in detail, including current **Reserves**.

**“Member”** means a Public Educational Agency within the State of California which is a signatory to this **Agreement** and is a participant in the risk sharing pool(s) operated through the **Authority**.

**“Obligations,”** as referred to herein will include, but not be 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 loss costs, together with any other legal obligations incurred by the **Authority** pursuant to the **Agreement**.

**“Operating Fund”** means the fund established by the **Authority** for the purpose of paying the costs of administration and such other costs as are deemed appropriate by the **Board of Directors** for the **Authority**.

**“Pro Rata”** for purposes of dissolution of the **Authority** means to determine separately a **Member's** individual share of the **Authority's** property and/or funds.

**“Pro Rata”** for the purpose of calculating equity (dividends) and deficits (assessments), means to determine separately for each year and for each Program, a **Member's** individual share of an item.

**“Program”** means protection and/or services provided for any major risk or peril as determined by the **Board of Directors**.

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

**“Public Educational Agency”** means a California public school district, community college district, County Board of Education or County Superintendent of Schools, regional

occupational center or Program, publicly-financed institution of learning, or joint powers authority composed of **Public Educational Agencies**. A charter school that is operated by a nonprofit corporation organized under Section 501(c)(3) of the Internal Revenue Code, under the California Nonprofit Corporation Law, or under any similar law, is not a **Public Educational Agency** and is not eligible for membership in BSSP.

**“Reserves”** means that part of the **Member’s** contribution held by the **Authority** to make future payments with respect to losses and expenses that have been incurred but are unpaid.

**“Self-Funded,”** permissively uninsured, means funds and reserves established by the **Authority** to pay for losses not covered through insurance.

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

**“Termination of Participation in a Program”** means a **Member's** determination, after three (3) consecutive years of membership in any **Program** offered by the **Authority**, to cease being a **Member** in that **Program**, whether for an employee group of the **Member** or for the **Member** itself.

**“Withdrawal from the Authority”** means a **Member's** determination, after three (3) consecutive years of Membership in the **Authority**, to terminate its Membership, to cease being a party to the Joint Powers Agreement, and to cease participating in all **Programs** offered by the **Authority**.

## **ARTICLE II. RULES OF CONSTRUCTION**

- A. The present includes the past or future tenses; the future includes the present tense.
- B. The singular includes the plural; the plural includes the singular.
- C. “Will” is mandatory and “may” is permissive.
- D. The masculine gender includes the feminine and neuter.
- E. These **Bylaws** shall be interpreted according to principles of ordinary contract law of the State of California, and not according to principles of California insurance common law or statutory law.
- F. These **Bylaws** are the product of mutual drafting by all of BSSP’s **Members**.

Accordingly, no party shall be entitled to rely on any principle of law that would require any ambiguity in a contract to be construed against the party that created it.

### **ARTICLE III. FUNCTIONS OF THE AUTHORITY**

A. The **Authority** may perform all functions allowed by law and set forth in this **Agreement**.

B. The **Authority** may provide self-funded risk pooling plans and systems for workers' compensation, liabilities, property damage, fire damage, medical benefits, dental benefits, vision benefits, and/or any other risk for the **Members**. The **Authority** will perform, or contract for the performance of, financial administration, policy formulation, loss services, legal representation, safety engineering, health education and other services as necessary for the payment and handling of all workers' compensation, liability, property damage, fire damage, medical benefits, dental benefits, vision benefits, and/or any other losses pooled by **Members** for each **Program** as required by State law or the **Board of Directors**.

C. Pursuant to the payment of a contribution by each **Member** to the **Authority** for each **Program**, the **Authority** will issue to each **Member** a Statement indicating the risks that the **Members** participating in the **Program** have agreed to pool and whether the **Program** is commercially insured or self-funded, *i.e.*, permissibly uninsured, in whole or part. *The inclusion of language from a commercial insurance carrier's policy in the Statement will be informational for the purpose of identifying the obligations of that carrier only, and will not serve to impose any obligation on the Authority to abide by the terms of the commercial carrier's policy as to that portion of the loss for which the Authority is self-funded.* A **Member's** participation begins on the date set forth in the Statement and will expire at the end of the **Fiscal Year** of the **Authority**.

### **ARTICLE IV. MEMBERSHIP**

A. Each party to this **Agreement** must be eligible for membership in the **Authority** and will become a **Member** of the **Authority** on the effective date of this **Agreement**, except as provided herein below.

B. The initial parties to the **Agreement** became **Members** of the **Authority** on the effective date of the **Agreement**. Since these Agencies are rural in nature, with similar

geography, exposures and interests, it is appropriate to limit membership to other similar Agencies. Therefore, membership is open only to those public educational agencies whose geography, exposures and interests are shared with the **Members**. Each Agency which becomes a **Member** of the **Authority** will be entitled to the rights and privileges of, and will be subject to the obligations of, membership as provided in this **Agreement** and the **Authority's** policies, procedures, and plan provisions developed pursuant to the **Bylaws**.

C. Any public educational agency located within the State of California with similar geography, exposures and interests to the **Members** may apply for membership in the **Authority**, for the purpose of participating in any of its **Programs**. The applicant will receive a packet of materials to complete. Application is not complete until the application is returned to the **Executive Director**. All applications must be received by December 1 of each year. Membership within a **Program** is contingent on satisfying whatever standards for membership the **Executive Committee** may set.

D. An applicant may apply for Membership in one or more **Programs**.

E. In the event the applicant is invited to join the **Authority**, the **Executive Committee** will:

1. Determine the conditions and terms under which the new applicant will be admitted to the **Authority**;
2. Determine the effective date of Membership for the applicant;
3. Request the public educational agency execute a copy of the BSSP Joint Powers Agreement, and file with the **Executive Director** the signatory page together with a Resolution formally adopted by the applicant's Board of Trustees or appropriate governing board approving membership, or, in the case of a County Office of Education, an appropriate document signed by the County Superintendent of Schools;
4. Report its recommendations on all membership applications to the **Board of Directors** for review and consideration.

F. A **public educational agency** will become a permanent **Member** upon approval by a weighted two-thirds (2/3) vote of the **Authority's Board of Directors**.

G. Should the **Executive Committee** determine it wishes to change the standards used in ascertaining eligibility for membership, such changes will apply to all applications



received after the date the changes are approved by the **Board of Directors**.

H. Should any **Member** reorganize in accordance with state statutes, the successor-in-interest or successors-in-interest to the obligations of any such reorganized **Member** may be substituted as a **Member** if a weighted two-thirds (2/3) vote of the **Board of Directors** is in favor of such substitution.

## **ARTICLE V. BOARD OF DIRECTORS**

A. A **Board of Directors** is hereby established as the governing body of the **Authority**. It will develop policies for and provide general direction to the **Executive Committee**, which will be the governing body and manage the business and operations of the **Authority** during the interim between meetings of the **Board of Directors**.

B. Each **Member** of the **Authority** will be entitled to appoint to the **Board of Directors** two (2) representatives and two (2) alternates, each of whom will be designated in a letter from the **Member** directed to the **Executive Director** of the **Authority**, except as noted in paragraph 1., below . Except as noted in paragraph 2., below, one designated representative and one alternate must be a management, designated confidential employee or Board Member of the **Member** (hereinafter referred to as “management” representatives or alternates); the second designated representative and second alternate must be a certificated or classified employee of the **Member** (hereinafter referred to as “labor” representatives). The certificated or classified designated representative and alternate shall be recommended by the **Member’s** local benefits committee, if any, and appointed jointly by the local bargaining unit presidents and Member superintendent. Each representative and each alternate will serve at the pleasure of the appointing **Member**. Only the designated representatives or designated alternates may represent a **Member**. Each designated representative or designated alternate must be a permanent employee or retiree of the **Member**. The designated representatives and designated alternates may invite members of their agency staff or consultants to attend meetings of the **Board of Directors** in an advisory capacity only.

1. Two or **Members** may agree to jointly appoint one management and one labor representative, and alternates for each, to represent said two or more **Members** effective January 1, 2017. Approval by a weighted two-thirds (2/3) majority vote of the **Board of Directors** shall be required for any **Member** to join in or withdrawn from being jointly

represented.

2. When a **Member's** certificated or classified **Employee Group** does not participate in the employee benefit programs, the **Member** may designate a second representative and an alternate who are employed as management or confidential employees or Board Members of the **Member**.

3. When a **Member** does not participate in an employee benefits program, such **Member** will only be entitled to appoint one representative and one alternate, each of whom must be a management, designated confidential employee or Board Member of the **Member**.

C. Each Director will have a weighted vote. The weight for each vote will be set by **Authority** Policy approved by a two-thirds (2/3) weighted vote.

D. Each **Member's** weighted votes may be cast only by the designated representative who is in physical attendance, or by the designated alternate who is in physical attendance if the designated representative is absent. Except as otherwise provided in the **Bylaws**, a vote of the majority of the weighted votes held by the designated representatives or alternates constituting the **Board of Directors** present at a meeting will be sufficient to constitute action, provided that a quorum is present.

E. A *quorum* for the transaction of business by the **Board of Directors** as set forth herein will be a majority of the Directors and that number of Directors whose combined weighted votes equal a majority of votes held by all **Members**.

F. It is each **Member** entity's responsibility to have its designated representative:

1. Attend Board meetings and, when elected to the **Executive Committee**, attend **Executive Committee** meetings.
2. Disseminate information from BSSP within the **Member** entity.
3. Review BSSP agendas and minutes.
4. Provide copies of the annual financial report to the Chief Administrative Officer of the designated representative's district.

G. The **Board of Directors** may conduct regular, adjourned regular, special and adjourned special meetings, provided, however, that it holds at least four (4) meetings per year. The date, time and place for each meeting will be fixed by Resolution of the **Board of Directors** and filed with each **Member** of the **Authority**. The **Board of Directors** will hold additional meetings as called by the **Executive Committee**, upon request of seven (7) **Members'** designated

representatives or request of the **Executive Director**.

H. All meetings of the **Authority** will be called, held and conducted in accordance with the terms and provisions of the Ralph M. Brown Act (California Government Code section 54950, *et seq.*), as said chapter may be in effect from time to time; by applicable sections of the California Education Code; and by rules of the **Board of Directors** consistent therewith. Except as otherwise provided or permitted by law, all meetings of the **Authority** will be open and public. Seventy-two (72) hours prior to a regular meeting and twenty-four (24) hours prior to a special meeting of the **Board of Directors** and/or the **Executive Committee**, notice of the meeting and a copy of the proposed agenda will be publicly posted at the offices of the County Board of Education for each county with **Members** in the **Authority**.

I. The **Executive Director** will transmit to the **Members'** designated representatives true and correct copies of the Minutes of such meetings within thirty (30) days after each meeting.

J. The **Board of Directors**, by Resolution, will designate a specific location at which it will receive notices, correspondence, and other communications, and will 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** and the **Authority**.

K. The **Board of Directors** will 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.

L. The **Board of Directors** may establish rules governing its own conduct and procedure, and have such express and implied **Authority** as is consistent with and not contrary to the laws of the State of California, **Authority** policies, these **Bylaws** or the Joint Powers **Agreement**.

M. All meetings of the JPA will be governed by the most recent version of *Robert's Rules of Order*.

N. No one serving on the **Board of Directors** will receive any salary or compensation from the **Authority**. However, the **Board of Directors** may authorize reimbursement for expenses incurred by the Directors in connection with duties as an officer or Board Member.

## **ARTICLE VI. FUNCTIONS OF THE BOARD OF DIRECTORS**

A. The **Board of Directors** may retain the services of an **Executive Director** to

administer the day-to-day operations of the **Authority**.

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

C. The **Board of Directors** will 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 and expending or disbursing funds of a contract or otherwise, for purposes consistent with the provisions hereof; 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 **Authority** funds.

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

E. The **Board of Directors** will cause each **Member** to be provided with an annual report of the financial condition of the **Authority** and a report on the individual **Member's** losses paid and reserved.

F. The **Board of Directors** will annually 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 will be provided to each **Member**.

G. The **Board of Directors** will cause the Executive Committee to develop personnel policies for employees of the **Authority** for consideration and approval by the Board of Directors.

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

I. The **Board of Directors** will 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 this **Agreement**.

J. The **Board of Directors** will determine the formulas and methods by which contributions will be paid to the **Authority**. The **Board of Directors** may also provide for additional assessments during the year, if necessary or appropriate to allow for increased costs and expenses as may occur.

K. The **Board of Directors** will determine the self-funded, *i.e.*, permissibly uninsured, retention limits for the Members and the **Authority**, if any. The terms, conditions, and amounts of excess coverage, *i.e.*, excess liability protection above and beyond the protection provided by this risk-sharing pool, if any, will be determined by the **Board of Directors** for each **Program**.

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

M. The **Board of Directors**, after reviewing recommendations of the **Executive Committee**, may determine that it is in the interest of the **Authority** to provide risk pooling for other risks and perils as permitted by law and may amend the **Bylaws** accordingly to provide for the same.

N. The **Board of Directors** will determine, after receiving recommendations from the **Executive Committee**, the manner in which medical benefits, dental benefits, vision benefits, and other risks and perils and related costs will be processed for each **Program**. Such processing will conform to all provisions of law now in effect or later enacted. The **Board of Directors** will maintain, or cause to be maintained, accurate case records for all pooled risks and accurate records of all losses paid. Loss reports will be forwarded to **Members** on at least an annual basis. The **Board of Directors** will also provide for loss control services.

O. The **Board of Directors** will elect a President, Vice-President, Secretary, and Treasurer/Auditor. These officers will serve two-year (2) terms. The Board will by Resolution determine the date when the terms commence and end. One or more of these officers may be the same as those who held office the prior term.

P. The Board will apportion the **Authority's** members into four (4) groups and elect one **Member** from each group to serve on the **Executive Committee**. The method of

apportionment will be set forth by **Authority** Policy approved by a two-thirds (2/3) weighted vote.

Q. An equal number of management and labor representatives shall be elected to the **Executive Committee**.

R. Voting is restricted to the **Programs** in which representative's **Member** participates.

S. Labor representatives shall vote only in matters related to the employee benefit programs and administration of the **Authority**.

T. The **Board of Directors** will utilize the surpluses in the various Funds to realize the **Authority's** purposes as allowed by law.

U. The **Board of Directors** expressly delegates its power to pursue a **Member's** subrogation interests to the **Executive Director**.

V. The **Board of Directors** may specifically delegate the powers set forth herein to the **Executive Committee** subject to its general power of oversight and review.

## **ARTICLE VII. OFFICERS**

A. The officers of the **Authority** will be elected by and from the **Board of Directors**. The principal officers will be a President, Vice-President, Secretary, and Treasurer/Auditor.

B. Any person selected as an officer will be automatically removed from that position should that person miss three (3) **Executive Committee** meetings within one **Fiscal Year** without approval of the President (the President will seek approval from the Vice-President) ; and may be removed at any time, with or without cause.

C. All vacancies however arising will be filled at any time by the affirmative vote of a majority of the **Board of Directors** for the remainder of the existing term.

D. The officers of the **Authority** will be custodians of the property of the **BUTTE SCHOOLS SELF-FUNDED PROGRAMS**. The **Authority** will furnish a blanket faithful performance bond covering all officers and employees in an amount determined by the **Board of Directors**, but in no case less than that mandated by law.

E. Each officer will be a member of the **Board of Directors** established by these **Bylaws**.

F. The President will have general supervision and direction of the business of the **Authority**, will preside at all meetings of the **Authority**, will see that all Orders and Resolutions of the **Board of Directors** and of the **Executive Committee** are carried into effect, and will be an *ex officio* Member of all committees. The President may at his/her option appoint *ad hoc* committees, and will 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**.

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

H. Should a conflict of interest arise which involves the President, the Vice-President will conduct that portion of the meeting which entails the conflict.

I. The Secretary will attend all meetings of the **Board of Directors** and of the **Executive Committee** and will record or cause to be recorded all proceedings of the **Authority** in the Minutes. The Secretary will be responsible for giving notice of all meetings of the **Board of Directors** and of the **Executive Committee** as required by these **Bylaws**, and will perform such other duties as may be prescribed by the **Board of Directors**, the **Executive Committee**, and/or the President.

J. The Treasurer/Auditor will be chief financial officer of the **Authority** and will assume the duties described in Section 6505.5 of the California Government Code, as follows:

1. Receive and receipt for all money of the **Authority** and place it in the Butte County Treasury to the credit of **BUTTE SCHOOLS SELF-FUNDED PROGRAMS**.
2. Be responsible upon his or her bond for the safekeeping and disbursement of all money of the **Authority** held in the Treasury.
3. Verify and report in writing on the first day of July, October, January, and April of each year to the **Board of Directors** and the members the amount of money being held by the **Authority**, the amount of money received since the Treasurer's last report, and the amount paid out since the last report.

4. Pay, when due, out of money of the **Authority** so held, all demands against the **Authority** upon warrants authorized by him and the **Board of Directors** and drawn by the Auditor-Controller of Butte County Treasury or his authorized representative.
5. Execute on behalf of the **Authority** all contracts for deposit of money as required by Government Code sections 53630, *et seq.*, as in effect from time to time.
6. Provide within one hundred and twenty (120) days after the close of each **Fiscal Year**, a complete written report of all financial activities for such fiscal year for each **Program** to each member of the **Board of Directors** and to the Chief Administrative officer of each **Member** of the **Authority**.
7. Cause a certified public accountant to conduct an independent audit annually, as required by Government Code section 6505, of the accounts, records and financial affairs of the **Authority**. In each case, the minimum requirements of the audit to be performed will be those prescribed by the State Controller for special districts under Sections 26909 and 6505 of the California Government Code, and will conform to generally accepted auditing standards and accounting principles. When such an audit on accounts and records is made by the certified public accountant, a report thereof will be filed as a public record with each **Member** and also with the Auditor-Controller of each county in which a **Member** is situated. The audit report will be filed by January 15. Any costs of the audit, including contracts with or employment of certified public accountants in making the audit(s) provided for herein, will be borne by the **Authority** and will be a charge against any unencumbered funds of the **Authority** available for that purpose.
8. Direct the Treasurer of Butte County to invest or reinvest **Authority** reserve surplus money not needed for the immediate operation of the **Authority** at the direction of the **Board of Directors**.



K. The Treasurer/Auditor will 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.

#### **ARTICLE VIII. EXECUTIVE COMMITTEE**

A. The **Board of Directors** will elect an **Executive Committee** which will have as members:

1. The officers of the **Board of Directors**; and
2. One (1) representative elected by majority rule from each of the groups established by the **Board of Directors** pursuant to Article VI., Paragraph P., above.

B. The members of the **Executive Committee** may be removed at any time, with or without cause, and all vacancies, however arising, may be filled at any time by an affirmative vote of the majority of the weighted votes held by the Board members. A member of the **Executive Committee** will be removed if the member misses three (3) **Executive Committee** meetings within one **Fiscal Year** without the approval of the President.

C. Members of the **Executive Committee** shall not have alternates.

D. The **Executive Committee** will be the governing body of the **Authority** between meetings of the **Board of Directors** and as such will be responsible for the ongoing operations of the **Authority**.

E. The **Executive Committee** will hold regular meetings, unless it is determined unnecessary by the President. The date, time and place for each of such regular meetings will be fixed by the annual adopted calendar. A copy of the Resolution will be filed with each **Member** of the **Authority**. In the event the President determines a meeting is unnecessary and following notice a meeting is requested by at least three (3) members of the **Executive Committee** or six (6) members of the **Board of Directors**, the **Executive Director** will notify the **Members** that the meeting will go forward as originally scheduled.

F. All meetings of the **Executive Committee** will be called, held and conducted in accordance with the Ralph M. Brown Act (Government Code section 54950, *et seq.*), and the rules of the **Executive Committee** consistent therewith. Notice of any meeting will be given in the same manner as provided in Article V., Paragraph H., for meetings of the **Board of Directors**.

G. Every act or decision done or made by a majority of the **Executive Committee** members present at a meeting duly held at which a quorum is present will be an act of the **Executive Committee**. A meeting at which less than a quorum is present may be adjourned to a later date.

H. All Directors and alternates may attend any open session of the **Executive Committee** but may not vote. Only duly elected **Executive Committee** members may vote.

I. The **Executive Director** will send a copy of the minutes of each **Executive Committee** meeting, within thirty (30) days after the meeting, to the designated representative for each **Member**.

#### **ARTICLE IX. DUTIES OF THE EXECUTIVE COMMITTEE**

A. The **Executive Committee** will exercise all of the powers of the **Board of Directors** that are specifically delegated to it

B. The **Executive Committee** will develop and recommend to the **Board of Directors** personnel policies for employees of the **Authority**.

C. The **Executive Committee** may appoint and dissolve working committees from its active membership.

D. The **Executive Committee** will oversee, assist and direct the **Executive Director** in the performance of his or her duties.

E. The **Executive Committee** will develop procedures for processing Losses and/or related costs. Such processing will conform to all provisions of the law now in effect or later enacted.

F. The **Executive Committee** will periodically evaluate the feasibility of implementing **Programs** providing risk pooling for other risks and perils as permitted by law, and make appropriate recommendations to the **Board of Directors**.

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

H. The **Executive Committee** will review the financial statements and investments of the **Authority** and make recommendations to the **Board of Directors**.

I. The **Executive Committee** will develop, or cause to be developed, and recommend to the **Board of Directors** for approval, guidelines of risk management practices for each **Program**.

J. The **Executive Committee** will study major issues in depth and recommend a position to the **Board of Directors**.

## **ARTICLE X. FINANCE**

A. The **Authority** will operate on a **Fiscal Year** from July 1 of each year through June 30 of the following year.

B. Each **Member** will pay to the **Authority** each **Fiscal Year** the annual contribution as set by the **Board of Directors** and approved by the **Board of Directors** for each **Program** in which the **Member** participates. The integrity of the **Authority** rests on all contributions being paid as due. The annual rate and amount of contributions are based on participation of all then-current **Members**.

C. Each **Member** will make payments to the **Authority** as established by policy. Each **Member** of the **Authority** hereby agrees to authorize the County Superintendent of Schools or other appropriate designee to transfer from its general fund any required contributions as specified in the **Agreement**, these **Bylaws**, or any of the BSSP Policies and Procedures.

D. A **Member's** failure to remain current on all of its payment obligations to BSSP is ground for immediate termination. The **Authority** will pursue all relief against the Member as allowed by this **Agreement** and law. Should it be necessary to initiate legal action the **Authority** will seek recovery for the entire annual contribution and such assessments as may be levied for the **Program** year(s) involved, plus interest at the rate of twelve (12%) percent per annum even if the **Member** withdraws or its membership is terminated before the end of the **Fiscal Year**.

E. Member agencies withdrawing the entire agency or an employee group from a **Program** or **Programs** before the completion of the initial three-year mandatory term of participation will be responsible for all contributions for the three (3) year term as though the Member or group had continued to participate in the **Program** or **Programs**.

F. Contributions for all **Programs** may be commingled and held in one account, provided, however, that a separate Fund and system of records will be kept for each **Program** administered by the **Authority**.

G. All contributions will be credited to the proper fund of the **Authority** and all losses will be paid from the appropriate fund.

H. No loss or obligation will be paid from one **Program** to meet the obligation of another **Program** unless a weighted two-thirds (2/3) vote of the **Board of Directors** authorizes such payment. Notwithstanding the foregoing sentence, the **Board of Directors** may authorize a loan from a **Program's** Funds then available for long-term investment to another **Program**. At the time such a loan is made, the **Board of Directors** will 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 will be considered. The interest will accrue to the benefit of, and will be paid to, the **Program** making the loan. The **Board of Directors** will also establish a repayment schedule and may evidence the transaction through the use of a promissory note or other instrument. A loan under this Article X., Paragraph H. 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 the **Program**. Participants in the **Program** to which the loan is made will be assessed additional contributions to repay the amount of principal and interest of any such loan.

I. Should the total obligations against all of the participants in a **Program** exceed in any year the total annual contributions paid by Members of the **Authority** for that year for their participation in that **Program**, the participants in the **Program** may be assessed by the **Board of Directors** an additional amount based upon the percentage of annual contributions paid by each **Member** relative to the total annual premiums paid by all **Members** for that year for that **Program**.

J. All expenditures and disbursements of money from each fund will be authorized in accordance with rules and procedures established by the **Board of Directors**.

K. After the purposes of the **Authority** have been fully realized, including rate stabilization and the funding of contingency reserves, the **Board of Directors** upon recommendation of the **Executive Committee** may, from time to time, in its discretion, refund to the **Members** any excess contributions which are determined to be unnecessary for the current purposes of the **Authority**.

L. In the event the acquisition of real property or equipment becomes necessary, the **Board of Directors** will have the authority to transfer funds from any available monies and, if necessary, to assess then current or future **Members** of the **Authority** an additional amount to

provide for said acquisitions. The **Executive Committee** may reserve any monies collected in excess of the actual cost of purchase, or may transfer them to other fund categories.

M. The **Authority** over a period of time will establish and fund such stabilization and contingency Funds as are necessary to provide for the stability of each **Program** offered by the **Authority**.

N. The **Board of Directors** will establish and monitor such Funds. Each Program Year will operate separately and be segregated from every other Program Year in regard to its assets, funds, losses and obligations. The assets, funds, losses and obligations are pooled for each **Program** for each Program Year.

O. By the last day of each **Fiscal Year** the **Board of Directors** will provide to **Members** the basis of contribution for each **Program** for the ensuing Program Year.

## **ARTICLE XI. ACCOUNTS AND RECORDS**

A. The Treasurer of Butte County is the designated depository of the funds of the **Authority**.

B. The **Authority** is strictly accountable for all monies received and disbursed by it and, to that end, the **Authority** will establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of law or any Resolution of the **Authority**. The following funds will be established:

1. Deductible Funds: Loss payments will be paid from these funds only to the extent that a loss exceeds a threshold deductible established annually by the **Board of Directors**, and only to the maximum sum of the amount of the individual loss deductible of the insurance policy, but limited to the actual amount of the loss.
2. Operating Fund.
3. The **Authority** will add such Funds as needed and/or required by the Controller or by Resolution of the **Authority**.

C. Books and records of the **Authority** in the hands of the Treasurer will be open to inspections at all reasonable times by a **Member** representative.

## **ARTICLE XII. INVESTMENT OF SURPLUS FUNDS**

A. The **Board of Directors** will have the power in compliance with Section 6509.5 of the California Government Code, as currently in effect or hereinafter amended, and Sections 17566 and 81602 of the California Education Code, as currently in effect or hereinafter amended, and these **Bylaws** and the **Agreement** to cause the Treasurer or such other person(s) as the **Board of Directors** may designate to direct the Treasurer of Butte County to invest such reserve surplus funds as are not necessary for the immediate operation of the **Authority** in such investments as are allowed by law and delineated in the **Authority's** Investment Policy.

## **ARTICLE XIII. RISK MANAGEMENT**

A. The **Executive Committee** of the **Authority** will develop guidelines of risk management practices for each **Program** subject to approval by the **Board of Directors**.

B. Each of the **Members** will implement the guidelines of risk management practices. Failure to implement the risk management guidelines and recommendations will be grounds for involuntary termination.

## **ARTICLE XIV. TERMINATION OF MEMBERSHIP FROM A PROGRAM**

A. Any **Member** having completed three (3) consecutive years in any **Program** may terminate its participation in a **Program** at the end of any **Fiscal Year** by notifying the **Board of Directors** of the **Authority** in writing prior to January 31 of the **Fiscal Year**.

B. Any **Member** which terminates its participation in any **Program**, except as allowed under this Article XIV., Paragraph C., below, will not be considered for readmission to the **Program** for a period of three (3) years following the date of termination of participation in the **Program**. Further, the application to rejoin will be considered and reviewed in the same manner as any new application.

### **C. TERMINATION FROM A BENEFITS PROGRAM**

1. It is recognized that employee benefits, *i.e.*, health, life, dental, vision, etc., are negotiable items between the **Members** and their bargaining units. Therefore, any **Member** participating in an **Authority** employee benefits **Program** may terminate its participation in that **Program** with proper

notice, as required by this Article XIV., Paragraph A., above, provided the determination to terminate participation resulted from negotiations between the affected **Member** and its bargaining units. If the **Member** withdraws an employee group before the completion of the initial mandatory three (3) year membership period following admittance or re-admittance to the **Program**, the **Member** will continue to be responsible for contributions for the entire three (3) year period as set forth above in Article X., Paragraph E. Furthermore, if the run-out claims for the withdrawing unit exceed the average cost for claims paid by the **Authority** in prior years for the relevant time period or that portion of the reserves which can be attributed to the unit, the **Member** shall be obligated to reimburse to the **Authority** the difference between actual claims paid and the average claims or reserves, whichever is higher. The **Board of Directors** shall designate the number of years to be considered in determining average claims exposure.

2. Any **Member** which terminates its participation in a benefits **Program**, as allowed by this Article XIV., Paragraph C., may be considered for re-admittance to that **Program** subject to approval of the **Board of Directors** and compliance with such conditions as the **Board of Directors** may impose. Further, the application to rejoin will be reviewed in the same manner as any new application.
3. Upon termination of participation in a benefits **Program** by any **Member**, the **Board of Directors** will establish a reserve account for all claims of loss, together with related costs, pending against the terminating **Member** in an amount to be determined by the **Board of Directors**. The **Board of Directors** will establish a second reserve account for possible Losses against the **Member** terminating its participation in the benefits **Program** arising out of facts occurring while the **Member** was participating in the **Program** but submitted after the **Member** terminated its participation. The amount of the “incurred” but not “reported” reserve account (IBNR) will be set by the **Board of Directors**. The **Board of Directors** in its discretion

may declare ten percent (10%) of the Reserves nonrefundable. Any and all amounts remaining in either reserve account will be returned after the expiration of three (3) years to the **Member** terminating its participation in the **Program**, unless the **Board of Directors** determines, in its discretion, that the funds may be released at an earlier time, or that the funds may not be released after the completion of three (3) years because pending probable liabilities and related costs continue to exist.

4. A **Member** terminating its participation in a benefits **Program** will continue to be responsible for the amount of any costs, liabilities, assessments or contingencies required because of Losses against the **Member** and/or the Joint Powers **Authority** for the years within which the **Member** participated in the **Program**, which exceed the amount set aside in the reserve accounts established pursuant to this Article XIV, Paragraph C.3., above, and for contributions as allowed by Articles X and XIV.
5. Any **Member** which terminates its participation in a benefits **Program** will continue to be eligible for dividends given for the years within which the **Member** participated in the **Program**.

**D. TERMINATION FROM PROPERTY PROGRAM**

1. In the event the **Authority** implements a Property **Program**, upon termination of participation in a Property **Program** by any **Member**, the **Board of Directors** will establish a reserve account for all losses, together with related costs, pending against the terminating **Member** in an amount to be determined by the **Board of Directors**. The **Board of Directors** will establish a second reserve account for possible losses against the **Member** terminating its participation in the Property **Program** arising out of facts occurring while the **Member** was participating in the **Program** but submitted after the **Member** terminated its participation. The amount of the “incurred” but not “reported” reserve account (IBNR) will be set by the **Board of Directors**. The **Board of Directors** in its discretion may declare ten percent (10%) of the Reserves nonrefundable. Any and all amounts remaining in either reserve account will be returned after the expiration of



seven (7) years to the **Member** terminating its participation in the **Program**, unless the **Board of Directors** determines, in its discretion, that the funds may be released at an earlier time, or that the funds may not be released after the completion of seven (7) years because pending probable liabilities and related costs continue to exist.

2. A **Member** terminating its participation in a Property **Program** will continue to be responsible for the amount of any costs, liabilities, assessments or contingencies required because of losses against the **Member** and/or the Joint Powers **Authority** for the years within which the **Member** participated in the **Program** which exceed the amount set aside in the reserve accounts established pursuant to this Article XIV., Paragraph D.1., above.
3. Any **Member** which terminates its participation in a Property **Program** will continue to be eligible for dividends given for the years within which the Member participated in the Program.

E. **TERMINATION FROM WORKERS' COMPENSATION AND LIABILITY PROGRAMS**

1. In the event the **Authority** implements a Workers' Compensation and/or a Liability **Program(s)**, a **Member** terminating its participation in either **Program** will have no residual rights in Funds resulting from participation in either of those **Programs**.
2. Any **Member** which terminates its participation in the Workers' Compensation and/or Liability **Program(s)** will continue to be responsible for the amount of any costs, liabilities, assessments or other contingencies required because of losses against the Joint Powers **Authority** which exceed the amount collected from the **Member** for the years within which the terminating **Member** participated.

**ARTICLE XV. WITHDRAWAL FROM THE AUTHORITY**

A. Any **Member** having completed three (3) consecutive years as a **Member** of the **Authority** may withdraw from its status as a **Member** and a party to the Joint Powers

**Agreement** at the end of any **Fiscal Year** by notifying the **Board of Directors** of the **Authority** in writing prior to January 31 of that fiscal year.

B. Upon the withdrawal of a **Member** from the **Authority**, the **Board of Directors** will follow the procedures regarding termination of participation in a **Program** for each **Program** within which the **Member** participated.

C. A **Member** withdrawing from the **Authority** will continue to be responsible for the amount of any costs, liabilities, assessments or contingencies required because of losses against the **Member** and/or the Joint Powers **Authority** for the years within which the **Member** participated, all as more specifically discussed in Articles X. and XIV., above, of these **Bylaws**.

D. A withdrawing **Member's** right to **Authority** assets will be those set forth in Article XVII., below.

#### **ARTICLE XVI. INVOLUNTARY TERMINATION**

A. A **Member** may be involuntarily terminated from the **Authority** or from any **Program** at any time upon recommendation of the **Executive Committee** and a weighted two-thirds (2/3) vote of the **Board of Directors** favoring such involuntary termination. Involuntary termination from the **Authority** will have the effect of eliminating the party as a signatory of the Joint Powers **Agreement** and as a **Member** of the **Authority**, effective at the end of the **Fiscal Year** in which the action is taken or upon such other date as the **Board of Directors** may specify.

- B. Grounds for involuntary termination include, but are not limited to, the following:
1. Failure or refusal of a **Member** to abide by these **Bylaws** or an amendment to them which has been adopted by the **Board of Directors** of the **Authority** as provided in these **Bylaws**.
  2. Failure or refusal to pay contributions or assessments to the **Authority** as provided in Article X., above.
  3. Persistent failure or refusal to following positive risk management practices.
  4. Failure to comply with safety programs adopted by the **Authority**.
  5. Making a misrepresentation of material fact by a **Member** to the **Authority** or omitting a material fact from the **Authority**, for the purposes of obtaining or continuing membership in the **Authority**.

C. The **Executive Committee**, in keeping with the requirement that **Members** must implement and follow positive risk management and loss control practice or put their membership at risk, will:

1. Annually identify **Members** with unsatisfactory (as compared to other **Members**) contribution rates in one or more **Programs**.
2. Annually analyze the losses of each **Member** identified as having unsatisfactory contribution rates.
3. Advise the **Members** with unsatisfactory contribution rates that each **Member's** failure to implement appropriate action necessary to reduce the exposure to the Pool and all **Members** can and will result in the involuntary termination of such **Members** from the **Authority**.

D. A **Member** which is involuntarily terminated from the **Authority** will have no residual rights in any Funds or other assets of the **Authority**, whether or not resulting from participation by the **Member**, and the **Member** will continue to be responsible for the amount of any costs, liabilities, assessments or contingencies required because of the **Member's** participation in the **Authority** or a **Program**, all as more specifically set forth in Articles X. and XIV., above, of these **Bylaws**. The only rights the **Member** will have to receive any assets of the **Authority** are those set forth in Article XVII., below.

## **ARTICLE XVII. DISPOSITION OF PROPERTY AND FUNDS**

A. In the event that a **Member** withdraws from or is involuntarily terminated by the **Authority**, the **Member** will have no right to receive it's *pro rata* share of the **Authority's** property or funds until the **Authority** is dissolved and all obligations are paid.

B. In the event of the dissolution of the **Authority**, or the complete rescission, or other final termination, of the Joint Powers **Agreement** by all Members of other **public educational agencies** then a party to the **Agreement**, any property interest or surplus monies remaining in the **Authority** following a discharge of all obligations will be disposed of as the **Board of Directors** will then determine, with the objective of returning to each **Member** or other agency which is then or was theretofore a party, a proportionate return on the contributions made to such properties by such parties.

C. The proportionate return on the contribution made to such parties, *i.e.*, the

Member's *pro rata* share, is defined as the total contributions paid by the **Member** divided by the total contributions paid by all **Members** from the inception of the **Authority** to the date of the **Authority's** dissolution. At the **Board of Directors'** discretion, the Joint Powers **Authority's** obligation to pay a **Member's pro rata** share may be discharged through the transfer of property or through a payment of funds. Said transfer or payment will be made within a reasonable time following the final dissolution of the **Authority** and the winding up of its affairs.

D. The current fair market value of the **Authority** properties will be determined by the amount of money those properties bring at a public sale.

#### **ARTICLE XVIII. AMENDMENT OF BYLAWS**

A. Amendments to these **Bylaws** may be proposed by any designated representative of a **Member**. The proposed amendment will be referred to the **Executive Committee** for its consideration. A copy of the proposed amendment, with the **Executive Committee's** recommendations and reasons therefor, will be forwarded to the **Board of Directors**, which will notify each **Member** of the proposed amendment and the **Executive Committee's** recommendations thereon.

B. All amendments to these **Bylaws** must be approved by a weighted two-thirds (2/3) vote of the **Board of Directors**, in order for the amendment to become effective. Such amendments will 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 measure enacting it.

#### **ARTICLE XIX. SEVERABILITY**

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 will not be affected thereby.

#### **ARTICLE XX. EFFECTIVE DATE**

These **Bylaws** will become effective at 12:01 a.m. on the day following the date on which all of the existing Directors of the **Authority** adopt a Resolution approving the **Agreement** or in

any event at 12:01 a.m. on the day following the close of the fiscal year in which two-thirds (2/3) of the weighted vote of the Directors is cast to adopt the Resolution.

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