BYLAWS

BUTTE SCHOOLS SELF-FUNDED PROGRAMS
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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.

“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 3., 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. Effective July 1, 2020, Members Bangor Union Elementary School District, Golden Feather Union Elementary School District and Pioneer Union Elementary School District are excluded from appointment of a management and labor representative to the Board of Directors.
2. Two or more 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 withdraw from being jointly represented.

3. 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.

4. 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 of Directors will elect four (4) additional Directors to the Executive Committee to serve as representatives:

1. One (1) Director from Chico Unified School District, if Chico Unified School District does not otherwise have a Director elected as an officer; and
2. One (1) Director from Butte-Glenn Community College District, if Butte-Glenn Community District does not otherwise have a Director elected as an officer; and
3. From the remaining Directors not otherwise elected to the Executive Committee, that number necessary for a total of eight (8) Directors to be elected to the Executive Committee.

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

R. No Member shall be represented by more than one Director on the Executive Committee.

S. Voting is restricted to the Programs in which representative’s Member participates.

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

U. The Board of Directors will utilize the surpluses in the various Funds to realize the Authority's purposes as allowed by law.

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

W. 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. Four (4) representatives elected by majority rule 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 its 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.