

RESOLUTION NO. 4334-2020
RESOLUTION OF THE FORT BRAGG CITY COUNCIL
and

RESOLUTION NO. ID 438-2020

**RESOLUTION OF THE FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT BOARD
APPROVING AMENDMENTS TO THE JOINT POWERS AGREEMENT AND BYLAWS OF
REDWOOD EMPIRE MUNICIPAL INSURANCE FUND (REMIF) AND APPROVING THE
JOINT POWERS AGREEMENT AND BYLAWS FOR CALIFORNIA INTERGOVERNMENTAL
RISK AUTHORITY (CIRA)**

WHEREAS, Fort Bragg has been a Member entity of the Redwood Empire Municipal Insurance Fund (REMIF) since December 31, 1978; and

WHEREAS, REMIF is a risk sharing pool of fifteen small to medium sized cities and towns (referred to as Members) which contribute to a shared fund that pays for liability and workers' compensation claims and provides risk management services to its Members;

WHEREAS, pools are empowered by the California Government Code to exist as joint powers authorities (JPAs); and

WHEREAS, Public Agency Risk Sharing Authority of California (PARSAC) is also a public entity pool representing thirty-four (34) small to medium cities/towns and one fire district; and

WHEREAS, based on the similarities between the two agencies, an in-depth analysis of a merger of PARAC and REMIF was conducted jointly and independently over the last year; and

WHEREAS, the REMIF and PARSAC Board of Directors voted to recommend to their respective Member agencies, merge the two organizations by creating a new risk pool named the California Intergovernmental Risk Authority (CIRA); and

WHEREAS, a merger of the two organizations creates benefits by sharing resources and expenses, the new pool CIRA will benefit from succession planning, long-term sustainability and elimination of redundancies; and

WHEREAS, the self-insured health plan provided by REMIF will remain under the control of REMIF; and

WHEREAS, at the November 23, 2020 regular City Council meeting, copies of the JPA and Bylaw amendments recommended by the REMIF Board and of the CIRA JPA and bylaws were presented and discussed by the Fort Bragg City Council and direction was provided to present those documents for approval at the December 14, 2020 regular City Council meeting as part of the consent calendar; and

WHEREAS, a complete and true copy of the proposed JPA and Bylaw amendments recommended by the REMIF Board and of the proposed CIRA JPA and bylaws is attached hereto as Exhibit A, Exhibit B, Exhibit C and Exhibit D; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Fort Bragg/District Board of the Fort Bragg Municipal Improvement District No. 1 does hereby authorize and approve the amendments to the JPA and Bylaws of REMIF and authorizes the City Manager to execute the same.

BE IT FURTHER RESOLVED that the City Council of the City of Fort Bragg/District Board of the Fort Bragg Municipal Improvement District No. 1 does hereby authorize and approve the JPA and Bylaws of CIRA and authorizes the City Manager to execute the same.

The above and foregoing Resolution was introduced by Council/Board Member Albin-Smith, seconded by Council/Board Member Lee, and passed and adopted at a regular meeting of the City Council of the City of Fort Bragg/District Board of the Fort Bragg Municipal Improvement District No. 1 held on the 14th day of December, 2020, by the following vote:

- AYES:** Councilmembers Albin-Smith, Morsell-Haye, Norvell, Peters and Mayor Lee.
- NOES:** None.
- ABSENT:** None.
- ABSTAIN:** None.
- RECUSED:** None.


Bernie Norvell
Mayor/Chair

ATTEST:

Cristal Munoz
for June Lemos, CMC
City/District Clerk

BYLAWS

The following Bylaws are for the regulation of Redwood Empire Municipal Insurance Fund, except as otherwise provided by Statute or the Joint Powers Agreement creating Redwood Empire Municipal Insurance Fund. These Bylaws are dated and will be effective January 1, 2021.

ARTICLE I

DEFINITIONS

The terms in these Bylaws shall be as defined herein and in the Joint Powers Agreement (hereinafter JPA Agreement) creating the Redwood Empire Municipal Insurance Fund (REMIF) unless otherwise specified herein.

Alternate Director means that individual appointed by a Member or Associate Member to act in the absence of its duly appointed representative except the Alternate Director shall not exercise the powers of an officer of the Authority or serve on the Executive Committee.

Associate Member means any contracting public agency who has been a signatory of the Authority's JPA Agreement for less than ten years.

Authority means the Redwood Empire Municipal Insurance Fund created by the JPA Agreement.

Board or Board of Directors means the governing board of the Authority.

Broker is an insurance broker used by the Board to acquire insurance coverage.

Cash Assessment means an amount determined by the Board of Directors, to be paid by each Participating Agency as necessary to meet the Authority's obligations.

Cash Contribution means the annual dollar amount determined by the Board of Directors which is payable by each Participating Agency as its established share of the funding required to cover the financial obligation of each pooled coverage program in which the Participating Agency participates.

Claims means demands made against the Participating Agencies or the Authority arising out of occurrences which may be within any of the Authority's coverage agreements.

Claims Adjuster is the person(s) hired as an employee of the Authority and/or contracted by the Board to determine losses and make or recommend payments in the various coverage programs.

Exhibit A

Coverage Agreement is the document issued by the Authority to Participating Agencies specifying the scope and amount of pooled protection provided to each Participating Agency by the Authority in each pooled coverage program.

Covered Loss means any loss resulting from a claim or claims against a Participating Agency or the Authority which is in excess of the respective self-funded retention, and is covered by a Coverage Agreement issued by the Authority or any purchased programs and may include loss payments, defense costs, and other charges directly attributed to the resolution of the matter including defense costs incurred by the Authority.

Deductible means the amount of a claim, which the Participating Agency must incur or become liable for before the Authority is obligated to pay. Deductible is synonymous with Self-Funded Retention.

Director means the individual appointed by the Member or Associated Member to serve on the Board of Directors or the Alternate Director in the absence of the individual Director.

Entire Board shall consist of all Directors, whether or not present at a Board meeting.

Excess Insurance means any self-insurance, insurance, or reinsurance purchased by the Authority to cover losses in excess of the Authority's self-insured retention.

Executive Committee means that body composed of the President, vice President and three additional members of the Board appointed or elected in accordance with the Bylaws of the Authority.

General Manager is the person or firm appointed by the Board to be its Secretary and the Chief Administrative Officer of the Authority.

Incurred Loss means the sum of monies paid and reserved by the Authority that is necessary to investigate and defend a claim and to satisfy a covered loss sustained by a Participating Agency or the Authority pursuant to a coverage agreement.

Member means any Participating Agency that has been a signatory to the Authority's JPA Agreement for more than ten years.

Participating Agency means any Associate Member agency or Member agency that is signatory to the Authority's JPA Agreement.

Pooled Coverage Programs shall consist of coverages provided by the Authority pursuant to a Coverage Agreement. These may include, but are not limited to property, workers' compensation and liability coverages as may be determined by

the Board.

Program Year means a period of time determined by the Board, usually twelve (12) months, into which each pooled coverage program shall be segregated for purposes of account, record keeping, and coverage interpretation.

Self-Funded Retention means the amount of a claim, which the Participating Agency must incur or become liable for before the Authority is obligated to pay. Self-Funded Retention is synonymous with Deductible.

Treasurer means an officer of the Authority appointed by a majority of the Entire Board who shall serve at the pleasure of the Board.

ARTICLE II

OFFICES

The principal executive office for the transaction of business of the Authority and receipt of all notices is hereby fixed and located as described in the attached addendum hereto and incorporated herein by reference. The Board shall have the authority to change the location of the principal executive office.

Other business offices may be established by the Board at any time and at any place or places where the Authority is qualified to do business.

ARTICLE III

DIRECTORS OR OFFICERS

Appointment of Board of Directors

The Board of Directors will include one Director from each Member and a Director from each Associate Member.

The governing board or other duly designated official of each Member and Associate Member of the Authority shall appoint a representative to the Board of Directors. The appointment shall be in writing, directed to the Authority at its designated principal executive office, and shall remain in effect until the receipt of a written notice designating a replacement. Each Member and Associate Member shall also designate an Alternate Director, in the manner described above, to act in the absence of its duly appointed representative except the Alternate Director shall not exercise the powers of an officer of the Authority or serve on the Executive Committee. Each Director has one vote.

Election and Removal of Officers

Exhibit A

The officers of the Authority shall be the President, Vice President, Treasurer and General Manager/Secretary. The President and Vice President shall be elected, as individuals, from among the members of the Board of Directors not as the Participating Agencies they represent. The term of office for President and Vice President shall be two (2) fiscal years, and they shall assume the duties of their offices at the beginning of the next fiscal year.

The Treasurer will be appointed, by a majority of the Board, and shall serve at the pleasure of the Board. The qualifications of the Treasurer will be set by Board policy and shall have the powers, duties and responsibilities specified in Government Code §6505.5. The Treasurer shall have no vote on the Board unless he/she is a Director also.

The General Manager shall be the Secretary and Chief Administrative Officer of the Authority, appointed by the Board and shall serve at the pleasure of the Board. Although the General Manager is an officer of the Authority, he/she may not vote on matters before the Board, Executive or other appointed committees. The General Manager may not be an employee or an officer of a Participating Agency. The General Manager shall be responsible for administering the operations of the Authority, cause minutes to be kept as specified by the Board, shall have the duty to maintain or cause to be maintained all accounting and other financial records of the Authority, file financial reports of the Authority, and perform other such duties as the Board may specify.

Election for President will be held first and then election for Vice President. Each Director present shall cast one vote for each office. The candidate receiving the greatest plurality of votes for the particular office will be elected and will assume the office on July 1 of the succeeding fiscal year. In the event of a tie vote, those not involved in the tie vote will be eliminated and the remaining candidates will be the subjects of a run-off election as described above. If unsuccessful after the run off, the election for that office shall start again with all the candidates eligible. Nomination of candidates and election for the Officers and the Executive Committee shall be made at the June meeting every other year for the succeeding fiscal year. Officers and the Executive Committee elections will be held on opposite years.

The President and Vice President will be elected at the Annual Board meeting in fiscal years ending in even numbered years and shall serve for their elected term of office for two (2) years, or until removal by the Participating Agency, or removal from office by the affirmative vote of the majority of the Board of Directors at any regular or special meeting of the Board of Directors. Vacancies in the offices of President or Vice President or Executive Committee will be filled by election of a replacement, at the next regular or special meeting of the Board, by a majority vote of the Board, to serve the remainder of the unexpired term.

All other Authority staff positions will be appointed by the General Manager subject to budget approval by the Board.

The Board shall require the General Manager and the Treasurer to file with the Authority

an individual or a blanket bond in the amount to be fixed by the Board, but not less than \$100,000. The Authority shall pay the cost of the premiums for the bond required by it.

ARTICLE IV

EXECUTIVE COMMITTEE

There shall be an Executive Committee composed of five members. The President and Vice President shall serve on the Executive Committee during their incumbency and three members at large will be elected every other year to serve with them.

The election of members at large to serve on the Executive Committee will be held at the annual Board meeting in fiscal years ending in odd numbered years. The at-large members shall be elected, as individuals, from among the members of the Board of Directors, not as the Participating Agencies they represent. If an Executive Committee member is not available for a committee meeting, no alternate can sit as a replacement.

One Executive Committee member shall be elected from each of the following three regions:

South Region includes: Cotati, Sebastopol Rohnert Park, Sonoma, and Windsor

Central Region includes: Cloverdale, Healdsburg, Lakeport, St. Helena, and Ukiah

North Region includes: Arcata, Eureka, Fort Bragg, Fortuna, and Willits

Each Region will elect their own Executive Committee Representative. The Board may revise the membership of the three regions from time to time as membership in the Authority changes.

Any vacancy on the Executive Committee shall be filled at the Next Board meeting by a vote from the appropriate Region as specified in Article III for elections and Removal of Officers.

Powers

The powers of the Executive Committee shall be those powers delegated to it by the Board of Directors, which may include but are not limited to:

- recommendation on the personnel matters concerning salary, benefits and working conditions of the General Manager;
- covered loss settlement authority as determined per Article X;
- approval of service contracts in excess of staff's authority of \$50,000, but within budgeted amounts;

- amendments to the annual budget within limits established in Article VIII;
- other authority as delegated by the Board.

The Board of Directors may revoke any of the powers delegated to the Executive Committee by a majority vote of the Board.

ARTICLE V **MEETINGS**

Board of Directors Meetings

There shall be at least one (1) regular meeting of the Board of Directors each year, which shall be designated as the Annual Membership Meeting. At the final Board meeting of each fiscal year, the Board shall fix the date, hour and location at which each regular meeting in the succeeding year is to be held. Special meetings may be called by the President or a majority of the Board. Notice of such special meetings shall be delivered personally, by electronic facsimile transmission or by mail, as provided by state law, to each Participating Agency at least twenty-four (24) hours before the time of such meetings.

A regular or special meeting of the Board may be cancelled or postponed by the General Manager or President by notice delivered as provided by state law, to each Participating Agency at least twenty-four (24) hours before the time of such meeting. The Annual Membership Meeting may be postponed but not cancelled.

Executive Committee Meetings

The Executive Committee shall hold meetings as the need arises. Some may coincide with meetings of the Board of Directors. The President or 2 members of the Executive Committee may request meetings, as need dictates. Notice of such special meetings shall be delivered as provided by state law, to each Participating Agency at least twenty-four (24) hours before the time of such meetings.

A regular or special meeting of the Executive Committee may be cancelled or postponed by the President by notice delivered as provided by State law, to each Participating Agency at least twenty-four (24) hours before the time of such meeting.

General Meetings

No business may be transacted by the Board, Executive Committee, or other appointed committees without a quorum of their respective members participating. A quorum of the Board shall consist of a majority of its number; a quorum of the Executive Committee shall number three (3) members. Quorums of other committees established by the Board shall be a majority of their members. A majority of the members present must vote in favor of a motion to approve it, except as otherwise provided in the JPA Agreement or Bylaws and

except for the following:

1. A two-thirds (2/3) vote of the Board is required to amend the Bylaws provided that any amendment is compatible with the purposes of the Authority, is not in conflict with the JPA Agreement and has been submitted to the Board at least thirty 30 days in advance.
2. A majority vote of the Board is required to levy a cash assessment for any pooled coverage program.
3. A majority vote of the Board is required to remove an officer of the Board or member of the Executive Committee.
4. A four-fifths (4/5) vote of the entire Board is required to expel any Participating Agency from the Authority.

The Board and the Executive Committee shall conduct their meetings in accordance with Robert's Rules of Order.

All meetings of the Board, including without limitation, regular, adjourned regular, and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, or any other applicable State law.

The General Manager shall cause minutes of all regular, adjourned regular and special meetings to be kept. As designated by the Board a copy of the minutes will be forwarded to each Participating Agency.

ARTICLE VI

DUTIES OF DIRECTORS AND OFFICERS

The Board of Directors shall be responsible for governing the Authority either directly or by delegation to other bodies or persons unless prohibited by law or by the JPA Agreement, and shall exercise all those powers not specifically reserved to the Participating Agencies in the JPA Agreement. Each Director shall have the authority to bind their Participating Agency on all matters pertaining to the JPA Agreement as provided in the JPA Agreement. In addition, the results of all votes will have the authority to bind all Participating Agencies. Each Director shall be entitled to cast one vote in all matters requiring a vote, except in the case of an actual or potential conflict of interest.

The Board may establish committees and delegate to them functions not otherwise reserved to the Board.

The duties of the President shall be to preside at all meetings of the board and the Executive Committee and to perform such other duties as the Board may specify.

The duties of the Vice President shall be to act as the President, in the absence of the President, and to perform such other duties as the Board may specify.

Exhibit A

The duties of the Treasurer shall be those specified in §6505.5 or 6505.6 of the California Government Code, to receive and safekeep all money coming into the treasury, to comply with all laws governing the deposit and investment of funds, and to provide a quarterly financial report to the Board summarizing receipts, disbursements, and fund balances, along with a listing of all investments and other duties as specified by the Board.

The duties of the General Manager shall be to administer the operations of the Authority, to cause minutes to be kept as specified in the JPA Agreement, to maintain or cause to be maintained all accounting and other financial records of the Authority, to file all financial reports of the Authority and to perform such other duties as the Board may specify.

ARTICLE VII

BUDGET

An annual budget shall be presented by the General Manager to the Board before and be adopted no later than June 30 of each year. At the discretion of the Board, a multi-year budget may be adopted, thereby eliminating the requirements of annual presentation and adoption during the term of such multi-year budget.

The budget shall separately show the following:

- a. general and administrative expenses;
- b. revenue section;

ARTICLE VIII

RECEIPT AND DISBURSEMENT OF FUNDS

Revenues of the Authority shall be received at its principal executive office. The Treasurer, General Manager or other designee of the Board shall safeguard and invest funds in accordance with the Authority's current Investment Policy.

The General Manager and others as designed by the Board shall be authorized signatories of the Authority's checking account. All checks disbursing funds of the Authority shall be signed by the appropriate number of individuals as established by action of the Board.

The General Manager shall be authorized to make all expenditures for goods or services without specific approval, to the extent such funds have been included and approved by adoption of the budget, or as subsequently approved by the Board.

The Executive Committee shall be authorized to permit budget modifications in amounts up to \$50,000 for expenditures in excess of previously budgeted or approved amounts.

ARTICLE IX

ACCOUNTS AND RECORDS

The Authority shall maintain such funds and accounts in accordance with acceptable accounting practices or by any provision of the law or any policy of the Board. Books and records in the possession of the Treasurer or the Board's designee that are considered public documents by state law shall be open to inspection at all reasonable times by designated representatives of the Participating Agencies.

The Treasurer or the Board's designee shall report to the Board as required by State law and Board policy.

The Board shall contract with a certified public accountant to make an annual audit of the accounts and records of the Authority at the end of each fiscal year. The audit report shall be filed within six (6) months of the end of the fiscal year under examination. The Authority shall bear the cost of the audit.

The fiscal year of the Authority is the period from the first day of July of each year to and including the last day of June of the following year.

The Authority shall maintain or cause to be maintained accurate loss records for all covered risks, for all claims paid, and for such other losses as it requires records or directs records to be maintained.

ARTICLE X

SETTLEMENT OF CLAIMS

The General Manager or the Board's designee shall have authority to settle workers compensation, property and liability claims up to the limit specified by law and Board policy but not to exceed the actual amount of the claim.

The General Manager will have authority to settle property and liability claims for up to \$40,000 per occurrence. The Executive Committee shall have authority to settle property and liability claims from \$40,000 up to \$150,000 per occurrence. The Board shall have authority to settle claims in excess of these amounts up to the Authority's limit of coverage.

For workers compensation claims, staff has standing authority to pay benefits due under workers compensation law for medical benefits, temporary disability, etc. and to resolve permanent disability claims up to statutory requirements. Any settlements for permanent disability and/or a covenant and release exceeding the statutory requirements may be settled by the General Manager for amounts not to exceed \$40,000; by the Executive Committee for amounts not to exceed \$150,000; and for any higher amount, by the Board, up to the Authority's limit of coverage.

From time to time, the Board may, by policy or resolution, raise or lower the level of settlement authority granted to the General Manager and/or Executive Committee.

ARTICLE XI

POOLED RISK COVERAGE PROGRAMS

The Authority shall provide pooled risk coverage programs as determined by the Board of Directors. All Participating Agencies must participate in at least one pooled risk coverage program in order to maintain their membership in the Authority. The terms and conditions of each pooled risk coverage program including, but not limited to, agency participation commitment, choices of self-funded retentions, cash contributions, formulas, and other relevant details will be determined by the Board through these Bylaws, addendum, policies and/or coverage agreements.

The Board is authorized to adopt and provide additional pooled risk coverage programs it deems beneficial to Members.

Coverage may be provided by a self-funded risk-sharing pool, participation in pooled excess self-insurance, purchased insurance, reinsurance or any combination thereof, as determined by the Board as described in policy, attached addendum or coverage agreement.

Each pooled risk coverage program will be funded by annual cash contributions of the Participating Agencies at a level that is determined to be sufficient to cover the predicted losses, loss adjustment expenses, defense costs, excess premiums, and proportionate share of general administrative expenses of the Authority.

The cash contributions shall be calculated by taking into consideration the above expenses as well as each Participating Agency's incurred loss experience and deductible selected. The formula for establishing the cash contributions shall be included as an addendum to these Bylaws or in Board policy and can be changed by the Board to properly fund each program.

The cash contributions will be pooled with each year's cash contributions to provide a central pool for each pooled risk coverage program. These cash contributions paid to the Authority and any investment income attributed to such fund shall be held in trust by the Authority to carry out the purposes of the Authority as set forth in these Bylaws and the Authority Agreement. Failure to pay cash contributions when due will constitute grounds for cancellation of coverage under terms and procedures established by the Board. If the participating agency doesn't pay after 30 days, an interest fee will be issued; after 60 days, a \$150.00 penalty will be issued; and after 90 days of non-payment, notification will be sent to the Executive Committee and the delinquent Member's City Manager. After 120 days, a notice of cancellation will be issued by the Executive Committee to the delinquent Member.

Refunds of excess funds to the Participating Agencies will be issued in accordance with these Bylaws or policies established by the Board. Per California Government Code section 6512.2, there is no right to refunds or return of excess funds at any time, except as approved by the Board, and withdrawal or termination of membership shall not require the refund of any contributions, payments or advances by the Member.

Excess funds in one pooled risk coverage program shall not be used to fund a different pooled risk coverage program.

Cash contribution invoices are payable upon receipt and become in arrears thirty (30) days after the invoice date. Interest and/or other penalties for all such invoices in arrears shall be calculated in accordance with the policies and procedures adopted by the Board.

ARTICLE XII

RISK COVERAGE AND DEDUCTIBLES

EFFECTIVE DATE

Pursuant to the payment of cash contributions by each Participating Agency to the Authority, the Authority shall issue to each Participating Agency a coverage agreement or policy, indicating the risk coverage provided to the Participating Agency by the Authority. The coverage provided by the coverage agreement begins and ends for each Participating Agency on such dates as set forth in the coverage agreement.

DEDUCTIBLES

For each coverage agreement provided, the Authority is responsible for the risks covered by the coverage agreement over and above the deductible but only up to the limits of the coverage agreement. Each Participating Agency shall designate the deductible for each of its coverage agreements, but in no case will it be less than the per loss amount stated by Board policy or in the Bylaws. Each Participating Agency is responsible for the deductible applicable to it under the coverage agreement. The Authority shall take the amount of the deductible into consideration in calculating the amount charged to each Participating Agency for the risks covered. The Participating Agency will be responsible for all amounts over the combination of its Deductible, the Authority's coverage amount, and any purchased and/or pooled excess coverage if the loss or settlement exceeds the combination.

SUBROGATION

The Authority shall share each subrogation recovery with the Participating Agency in accordance with any policies or procedures described in the coverage agreement from which the covered loss originated. Each subrogation action shall be brought on behalf of both the Participating Agency and the Authority.

SPECIAL COVERAGES

The Authority may negotiate special coverages with or for a Participating Agency(ies) as may be requested by the Participating Agency(ies). The special coverages may be approved by the Board and be funded in accordance with the Authority's Bylaws or policies. It is

Exhibit A

intended that special coverages for any Participating Agency(ies) not be provided at the expense of the other Participating Agencies without Board approval.

ARTICLE XIII

ASSESSMENTS

Upon a majority vote of the Board, the Board shall have the authority to levy a cash assessment for any pooled coverage program. There must be a finding by the Board that these are insufficient funds available to the Authority to meet its obligations.

A cash assessment shall be directed only to those Participating Agencies or former Participating Agencies which participated in the pooled coverage program during the program year in which the covered loss, causing the assessment, was incurred.

The cash assessment will be due and payable thirty (30) days from the date the Board declares the assessment, unless otherwise indicated.

Any costs, including attorney fees incurred by the Authority in collecting any cash assessment, shall be reimbursed in full by the Participating Agency against which such collection action has been taken.

ARTICLE XIV

MEMBERSHIP

New Member

Exhibit A

The Authority may allow entry into the program a new Participating Agency as an Associate Member, approved by the Board only at the beginning of the Authority's fiscal year following the Authority's fiscal year in which the request to join the Authority is submitted to the Board by the agency requesting membership. Request for membership shall only be considered by the Board if the agency requesting membership has submitted a written request to the Board at least six (6) months prior to the beginning of the Authority's fiscal year in which the agency seeks membership. Moreover, the Board shall not consider a request for membership unless it includes, but is not limited to, such information as noted below:

- a) Complete a REMIF application form, which may include, but not be limited to, the following information.
 - 1) underwriting data for the current year;
 - 2) payrolls for the prior five years;
 - 3) loss history for the prior five years;
 - 4) a copy of the most recent claims audit and actuarial reports;
 - 5) a copy for the most recent audited financial statements;
 - 6) an indication as to the pooled coverage programs in which the prospective applicant wishes to participate and the anticipated retained limit for such programs; and
- b) Provide an actuarial study in a framework that is acceptable to REMIF.
- c) Provide a current accreditation or independent consultant's report from an organization that is acceptable to REMIF.
- d) Submit to a staff analysis of their qualifications for membership and provide whatever documentation is required.
- e) Comply with any other requests or considerations made by the Board of Directors.

Agencies entering under this Article shall be required to pay their share of organizational expenses as determined by the Board, including those necessary to analyze their loss data and determine their premiums.

Upon review of a prospective Participating Agency's application and after any necessary site visits by staff, a report, containing a staff recommendation, will be presented to the Board of Directors. The prospective Participating Agency will be invited to attend a meeting of the Board of Directors to respond to questions concerning the application. The

affirmative vote of a two-third (2/3) majority of the Board is necessary for admission to the Authority.

Any agency admitted under this Article will be designated an Associate Member with all the rights and responsibilities assigned by the Agreement, these Bylaws, and Board policies to an Associate Member.

ARTICLE XV

TERMINATION AND DISTRIBUTION

Upon termination of the Authority, in accordance with Article XXII of the JPA Agreement, the Authority shall take all necessary actions to properly dispose of all claims and other liabilities of the Authority.

Cash Contributions:

All remaining cash assets shall be distributed among only the parties which have been participants in the pooled coverage program, including any of those parties which had previously withdrawn, or were expelled, pursuant to Articles XX and XXI of the JPA Agreement and in accordance with the terms and conditions of the Bylaws. Each qualifying participant's share shall be determined by policy or a resolution of the Board of Directors. The Board shall determine and make such distribution within six (6) months after the last pending claim or covered loss, subject to the JPA Agreement, has been finally resolved.

Real and Personal Property (other than cash contributions):

All real and personal property shall be liquidated. The cash from the liquidated assets will be distributed in the manner as determined by the Board of Directors. The Board shall determine and make such distribution within six (6) months after the last pending claim or covered loss, subject to the JPA Agreement, has been finally resolved.

ARTICLE XVI

AMENDMENTS

These Bylaws may be amended by a two-thirds (2/3) vote of the Board provided that any amendment is compatible with the purposes of the Authority, is not in conflict with the JPA Agreement, and has been submitted to the Board at least thirty (30) days in advance. Any such amendment shall be effective immediately, unless otherwise designated.

ARTICLE XVII

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 laws of the State of California or the United States, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions and provisions shall not be affected thereby.

ADDENDUM I

MEMBER LISTING

Original 7 Founding Members Established in 1976

City of Cloverdale

City of Cotati

City of Healdsburg

City of Rohnert Park

City of Sebastopol

City of Sonoma

City of Ukiah

Effective July 1, 2014, the following public agencies are Current Members and Former Associate Members of the Redwood Empire Municipal Insurance Fund:

<u>Member</u>	<u>Date Joined</u>
City of Fort Bragg	12/31/78
City of Lakeport	12/31/78
City of Willits	12/31/78
City of Arcata	7/1/80
City of Fortuna	7/1/80
City of St. Helena	7/1/86
Town of Windsor	7/1/92
City of Eureka	3/1/93
City of Crescent City	3/1/78 to 6/30/93 (Former)

ADDENDUM II

OFFICES

The principal address of Redwood Empire Municipal Insurance Fund for the transaction of business and receipt of all notices shall be:

414 W. Napa Street
Sonoma, CA 95476

BYLAWS

The following Bylaws are for the regulation of Redwood Empire Municipal Insurance Fund, except as otherwise provided by Statute or the Joint Powers Agreement creating Redwood Empire Municipal Insurance Fund. These Bylaws are dated and will be effective January 1, 2021.

ARTICLE I

DEFINITIONS

The terms in these Bylaws shall be as defined herein and in the Joint Powers Agreement (hereinafter JPA Agreement) creating the Redwood Empire Municipal Insurance Fund (REMIF) unless otherwise specified herein.

Alternate Director means that individual appointed by a Member or Associate Member to act in the absence of its duly appointed representative except the Alternate Director shall not exercise the powers of an officer of the Authority or serve on the Executive Committee.

Associate Member means any contracting public agency who has been a signatory of the Authority's JPA Agreement for less than ten years.

Authority means the Redwood Empire Municipal Insurance Fund created by the JPA Agreement.

Board or Board of Directors means the governing board of the Authority.

Broker is an insurance broker used by the Board to acquire insurance coverage.

Cash Assessment means an amount determined by the Board of Directors, to be paid by each Participating Agency as necessary to meet the Authority's obligations.

Cash Contribution means the annual dollar amount determined by the Board of Directors which is payable by each Participating Agency as its established share of the funding required to cover the financial obligation of each pooled coverage program in which the Participating Agency participates.

Claims means demands made against the Participating Agencies or the Authority arising out of occurrences which may be within any of the Authority's coverage agreements.

Claims Adjuster is the person(s) hired as an employee of the Authority and/or contracted by the Board to determine losses and make or recommend payments in the various coverage programs.

Exhibit B

Coverage Agreement is the document issued by the Authority to Participating Agencies specifying the scope and amount of pooled protection provided to each Participating Agency by the Authority in each pooled coverage program.

Covered Loss means any loss resulting from a claim or claims against a Participating Agency or the Authority which is in excess of the respective self-funded retention, and is covered by a Coverage Agreement issued by the Authority or any purchased programs and may include loss payments, defense costs, and other charges directly attributed to the resolution of the matter including defense costs incurred by the Authority.

Deductible means the amount of a claim, which the Participating Agency must incur or become liable for before the Authority is obligated to pay. Deductible is synonymous with Self-Funded Retention.

Director means the individual appointed by the Member or Associated Member to serve on the Board of Directors or the Alternate Director in the absence of the individual Director.

Entire Board shall consist of all Directors, whether or not present at a Board meeting.

Excess Insurance means any self-insurance, insurance, or reinsurance purchased by the Authority to cover losses in excess of the Authority's self-insured retention.

Executive Committee means that body composed of the President, vice President and three additional members of the Board appointed or elected in accordance with the Bylaws of the Authority.

General Manager is the person or firm appointed by the Board to be its Secretary and the Chief Administrative Officer of the Authority.

Incurred Loss means the sum of monies paid and reserved by the Authority that is necessary to investigate and defend a claim and to satisfy a covered loss sustained by a Participating Agency or the Authority pursuant to a coverage agreement.

Member means any Participating Agency that has been a signatory to the Authority's JPA Agreement for more than ten years.

Participating Agency means any Associate Member agency or Member agency that is signatory to the Authority's JPA Agreement.

Pooled Coverage Programs shall consist of coverages provided by the Authority pursuant to a Coverage Agreement. These may include, but are not limited to property, workers' compensation and liability coverages as may be determined by

the Board.

Program Year means a period of time determined by the Board, usually twelve (12) months, into which each pooled coverage program shall be segregated for purposes of account, record keeping, and coverage interpretation.

Self-Funded Retention means the amount of a claim, which the Participating Agency must incur or become liable for before the Authority is obligated to pay. Self-Funded Retention is synonymous with Deductible.

Treasurer means an officer of the Authority appointed by a majority of the Entire Board who shall serve at the pleasure of the Board.

ARTICLE II

OFFICES

The principal executive office for the transaction of business of the Authority and receipt of all notices is hereby fixed and located as described in the attached addendum hereto and incorporated herein by reference. The Board shall have the authority to change the location of the principal executive office.

Other business offices may be established by the Board at any time and at any place or places where the Authority is qualified to do business.

ARTICLE III

DIRECTORS OR OFFICERS

Appointment of Board of Directors

The Board of Directors will include one Director from each Member and a Director from each Associate Member.

The governing board or other duly designated official of each Member and Associate Member of the Authority shall appoint a representative to the Board of Directors. The appointment shall be in writing, directed to the Authority at its designated principal executive office, and shall remain in effect until the receipt of a written notice designating a replacement. Each Member and Associate Member shall also designate an Alternate Director, in the manner described above, to act in the absence of its duly appointed representative except the Alternate Director shall not exercise the powers of an officer of the Authority or serve on the Executive Committee. Each Director has one vote.

Election and Removal of Officers

Exhibit B

The officers of the Authority shall be the President, Vice President, Treasurer and General Manager/Secretary. The President and Vice President shall be elected, as individuals, from among the members of the Board of Directors not as the Participating Agencies they represent. The term of office for President and Vice President shall be two (2) fiscal years, and they shall assume the duties of their offices at the beginning of the next fiscal year.

The Treasurer will be appointed, by a majority of the Board, and shall serve at the pleasure of the Board. The qualifications of the Treasurer will be set by Board policy and shall have the powers, duties and responsibilities specified in Government Code §6505.5. The Treasurer shall have no vote on the Board unless he/she is a Director also.

The General Manager shall be the Secretary and Chief Administrative Officer of the Authority, appointed by the Board and shall serve at the pleasure of the Board. Although the General Manager is an officer of the Authority, he/she may not vote on matters before the Board, Executive or other appointed committees. The General Manager may not be an employee or an officer of a Participating Agency. The General Manager shall be responsible for administering the operations of the Authority, cause minutes to be kept as specified by the Board, shall have the duty to maintain or cause to be maintained all accounting and other financial records of the Authority, file financial reports of the Authority, and perform other such duties as the Board may specify.

Election for President will be held first and then election for Vice President. Each Director present shall cast one vote for each office. The candidate receiving the greatest plurality of votes for the particular office will be elected and will assume the office on July 1 of the succeeding fiscal year. In the event of a tie vote, those not involved in the tie vote will be eliminated and the remaining candidates will be the subjects of a run-off election as described above. If unsuccessful after the run off, the election for that office shall start again with all the candidates eligible. Nomination of candidates and election for the Officers and the Executive Committee shall be made at the June meeting every other year for the succeeding fiscal year. Officers and the Executive Committee elections will be held on opposite years.

The President and Vice President will be elected at the Annual Board meeting in fiscal years ending in even numbered years and shall serve for their elected term of office for two (2) years, or until removal by the Participating Agency, or removal from office by the affirmative vote of the majority of the Board of Directors at any regular or special meeting of the Board of Directors. Vacancies in the offices of President or Vice President or Executive Committee will be filled by election of a replacement, at the next regular or special meeting of the Board, by a majority vote of the Board, to serve the remainder of the unexpired term.

All other Authority staff positions will be appointed by the General Manager subject to budget approval by the Board.

The Board shall require the General Manager and the Treasurer to file with the Authority

an individual or a blanket bond in the amount to be fixed by the Board, but not less than \$100,000. The Authority shall pay the cost of the premiums for the bond required by it.

ARTICLE IV

EXECUTIVE COMMITTEE

There shall be an Executive Committee composed of five members. The President and Vice President shall serve on the Executive Committee during their incumbency and three members at large will be elected every other year to serve with them.

The election of members at large to serve on the Executive Committee will be held at the annual Board meeting in fiscal years ending in odd numbered years. The at-large members shall be elected, as individuals, from among the members of the Board of Directors, not as the Participating Agencies they represent. If an Executive Committee member is not available for a committee meeting, no alternate can sit as a replacement.

One Executive Committee member shall be elected from each of the following three regions:

South Region includes: Cotati, Sebastopol Rohnert Park, Sonoma, and Windsor

Central Region includes: Cloverdale, Healdsburg, Lakeport, St. Helena, and Ukiah

North Region includes: Arcata, Eureka, Fort Bragg, Fortuna, and Willits

Each Region will elect their own Executive Committee Representative. The Board may revise the membership of the three regions from time to time as membership in the Authority changes.

Any vacancy on the Executive Committee shall be filled at the Next Board meeting by a vote from the appropriate Region as specified in Article III for elections and Removal of Officers.

Powers

The powers of the Executive Committee shall be those powers delegated to it by the Board of Directors, which may include but are not limited to:

- recommendation on the personnel matters concerning salary, benefits and working conditions of the General Manager;
- covered loss settlement authority as determined per Article X;
- approval of service contracts in excess of staff's authority of \$50,000, but within budgeted amounts;

- amendments to the annual budget within limits established in Article VIII;
- other authority as delegated by the Board.

The Board of Directors may revoke any of the powers delegated to the Executive Committee by a majority vote of the Board.

ARTICLE V **MEETINGS**

Board of Directors Meetings

There shall be at least one (1) regular meeting of the Board of Directors each year, which shall be designated as the Annual Membership Meeting. At the final Board meeting of each fiscal year, the Board shall fix the date, hour and location at which each regular meeting in the succeeding year is to be held. Special meetings may be called by the President or a majority of the Board. Notice of such special meetings shall be delivered personally, by electronic facsimile transmission or by mail, as provided by state law, to each Participating Agency at least twenty-four (24) hours before the time of such meetings.

A regular or special meeting of the Board may be cancelled or postponed by the General Manager or President by notice delivered as provided by state law, to each Participating Agency at least twenty-four (24) hours before the time of such meeting. The Annual Membership Meeting may be postponed but not cancelled.

Executive Committee Meetings

The Executive Committee shall hold meetings as the need arises. Some may coincide with meetings of the Board of Directors. The President or 2 members of the Executive Committee may request meetings, as need dictates. Notice of such special meetings shall be delivered as provided by state law, to each Participating Agency at least twenty-four (24) hours before the time of such meetings.

A regular or special meeting of the Executive Committee may be cancelled or postponed by the President by notice delivered as provided by State law, to each Participating Agency at least twenty-four (24) hours before the time of such meeting.

General Meetings

No business may be transacted by the Board, Executive Committee, or other appointed committees without a quorum of their respective members participating. A quorum of the Board shall consist of a majority of its number; a quorum of the Executive Committee shall number three (3) members. Quorums of other committees established by the Board shall be a majority of their members. A majority of the members present must vote in favor of a motion to approve it, except as otherwise provided in the JPA Agreement or Bylaws and

Exhibit B

except for the following:

1. A two-thirds (2/3) vote of the Board is required to amend the Bylaws provided that any amendment is compatible with the purposes of the Authority, is not in conflict with the JPA Agreement and has been submitted to the Board at least thirty 30 days in advance.
2. A majority vote of the Board is required to levy a cash assessment for any pooled coverage program.
3. A majority vote of the Board is required to remove an officer of the Board or member of the Executive Committee.
4. A four-fifths (4/5) vote of the entire Board is required to expel any Participating Agency from the Authority.

The Board and the Executive Committee shall conduct their meetings in accordance with Robert's Rules of Order.

All meetings of the Board, including without limitation, regular, adjourned regular, and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, or any other applicable State law.

The General Manager shall cause minutes of all regular, adjourned regular and special meetings to be kept. As designated by the Board a copy of the minutes will be forwarded to each Participating Agency.

ARTICLE VI

DUTIES OF DIRECTORS AND OFFICERS

The Board of Directors shall be responsible for governing the Authority either directly or by delegation to other bodies or persons unless prohibited by law or by the JPA Agreement, and shall exercise all those powers not specifically reserved to the Participating Agencies in the JPA Agreement. Each Director shall have the authority to bind their Participating Agency on all matters pertaining to the JPA Agreement as provided in the JPA Agreement. In addition, the results of all votes will have the authority to bind all Participating Agencies. Each Director shall be entitled to cast one vote in all matters requiring a vote, except in the case of an actual or potential conflict of interest.

The Board may establish committees and delegate to them functions not otherwise reserved to the Board.

The duties of the President shall be to preside at all meetings of the board and the Executive Committee and to perform such other duties as the Board may specify.

The duties of the Vice President shall be to act as the President, in the absence of the President, and to perform such other duties as the Board may specify.

Exhibit B

The duties of the Treasurer shall be those specified in §6505.5 or 6505.6 of the California Government Code, to receive and safekeep all money coming into the treasury, to comply with all laws governing the deposit and investment of funds, and to provide a quarterly financial report to the Board summarizing receipts, disbursements, and fund balances, along with a listing of all investments and other duties as specified by the Board.

The duties of the General Manager shall be to administer the operations of the Authority, to cause minutes to be kept as specified in the JPA Agreement, to maintain or cause to be maintained all accounting and other financial records of the Authority, to file all financial reports of the Authority and to perform such other duties as the Board may specify.

ARTICLE VII

BUDGET

An annual budget shall be presented by the General Manager to the Board before and be adopted no later than June 30 of each year. At the discretion of the Board, a multi-year budget may be adopted, thereby eliminating the requirements of annual presentation and adoption during the term of such multi-year budget.

The budget shall separately show the following:

- a. general and administrative expenses;
- b. revenue section;

ARTICLE VIII

RECEIPT AND DISBURSEMENT OF FUNDS

Revenues of the Authority shall be received at its principal executive office. The Treasurer, General Manager or other designee of the Board shall safeguard and invest funds in accordance with the Authority's current Investment Policy.

The General Manager and others as designed by the Board shall be authorized signatories of the Authority's checking account. All checks disbursing funds of the Authority shall be signed by the appropriate number of individuals as established by action of the Board.

The General Manager shall be authorized to make all expenditures for goods or services without specific approval, to the extent such funds have been included and approved by adoption of the budget, or as subsequently approved by the Board.

The Executive Committee shall be authorized to permit budget modifications in amounts up to \$50,000 for expenditures in excess of previously budgeted or approved amounts.

ARTICLE IX

ACCOUNTS AND RECORDS

The Authority shall maintain such funds and accounts in accordance with acceptable accounting practices or by any provision of the law or any policy of the Board. Books and records in the possession of the Treasurer or the Board's designee that are considered public documents by state law shall be open to inspection at all reasonable times by designated representatives of the Participating Agencies.

The Treasurer or the Board's designee shall report to the Board as required by State law and Board policy.

The Board shall contract with a certified public accountant to make an annual audit of the accounts and records of the Authority at the end of each fiscal year. The audit report shall be filed within six (6) months of the end of the fiscal year under examination. The Authority shall bear the cost of the audit.

The fiscal year of the Authority is the period from the first day of July of each year to and including the last day of June of the following year.

The Authority shall maintain or cause to be maintained accurate loss records for all covered risks, for all claims paid, and for such other losses as it requires records or directs records to be maintained.

ARTICLE X

SETTLEMENT OF CLAIMS

The General Manager or the Board's designee shall have authority to settle workers compensation, property and liability claims up to the limit specified by law and Board policy but not to exceed the actual amount of the claim.

The General Manager will have authority to settle property and liability claims for up to \$40,000 per occurrence. The Executive Committee shall have authority to settle property and liability claims from \$40,000 up to \$150,000 per occurrence. The Board shall have authority to settle claims in excess of these amounts up to the Authority's limit of coverage.

For workers compensation claims, staff has standing authority to pay benefits due under workers compensation law for medical benefits, temporary disability, etc. and to resolve permanent disability claims up to statutory requirements. Any settlements for permanent disability and/or a covenant and release exceeding the statutory requirements may be settled by the General Manager for amounts not to exceed \$40,000; by the Executive Committee for amounts not to exceed \$150,000; and for any higher amount, by the Board, up to the Authority's limit of coverage.

From time to time, the Board may, by policy or resolution, raise or lower the level of settlement authority granted to the General Manager and/or Executive Committee.

ARTICLE XI

POOLED RISK COVERAGE PROGRAMS

The Authority shall provide pooled risk coverage programs as determined by the Board of Directors. All Participating Agencies must participate in at least one pooled risk coverage program in order to maintain their membership in the Authority. The terms and conditions of each pooled risk coverage program including, but not limited to, agency participation commitment, choices of self-funded retentions, cash contributions, formulas, and other relevant details will be determined by the Board through these Bylaws, addendum, policies and/or coverage agreements.

The Board is authorized to adopt and provide additional pooled risk coverage programs it deems beneficial to Members.

Coverage may be provided by a self-funded risk-sharing pool, participation in pooled excess self-insurance, purchased insurance, reinsurance or any combination thereof, as determined by the Board as described in policy, attached addendum or coverage agreement.

Each pooled risk coverage program will be funded by annual cash contributions of the Participating Agencies at a level that is determined to be sufficient to cover the predicted losses, loss adjustment expenses, defense costs, excess premiums, and proportionate share of general administrative expenses of the Authority.

The cash contributions shall be calculated by taking into consideration the above expenses as well as each Participating Agency's incurred loss experience and deductible selected. The formula for establishing the cash contributions shall be included as an addendum to these Bylaws or in Board policy and can be changed by the Board to properly fund each program.

The cash contributions will be pooled with each year's cash contributions to provide a central pool for each pooled risk coverage program. These cash contributions paid to the Authority and any investment income attributed to such fund shall be held in trust by the Authority to carry out the purposes of the Authority as set forth in these Bylaws and the Authority Agreement. Failure to pay cash contributions when due will constitute grounds for cancellation of coverage under terms and procedures established by the Board. If the participating agency doesn't pay after 30 days, an interest fee will be issued; after 60 days, a \$150.00 penalty will be issued; and after 90 days of non-payment, notification will be sent to the Executive Committee and the delinquent Member's City Manager. After 120 days, a notice of cancellation will be issued by the Executive Committee to the delinquent Member.

Refunds of excess funds to the Participating Agencies will be issued in accordance with these Bylaws or policies established by the Board. Per California Government Code section 6512.2, there is no right to refunds or return of excess funds at any time, except as approved by the Board, and withdrawal or termination of membership shall not require the refund of any contributions, payments or advances by the Member.

Exhibit B

Excess funds in one pooled risk coverage program shall not be used to fund a different pooled risk coverage program.

Cash contribution invoices are payable upon receipt and become in arrears thirty (30) days after the invoice date. Interest and/or other penalties for all such invoices in arrears shall be calculated in accordance with the policies and procedures adopted by the Board.

ARTICLE XII

RISK COVERAGE AND DEDUCTIBLES

EFFECTIVE DATE

Pursuant to the payment of cash contributions by each Participating Agency to the Authority, the Authority shall issue to each Participating Agency a coverage agreement or policy, indicating the risk coverage provided to the Participating Agency by the Authority. The coverage provided by the coverage agreement begins and ends for each Participating Agency on such dates as set forth in the coverage agreement.

DEDUCTIBLES

For each coverage agreement provided, the Authority is responsible for the risks covered by the coverage agreement over and above the deductible but only up to the limits of the coverage agreement. Each Participating Agency shall designate the deductible for each of its coverage agreements, but in no case will it be less than the per loss amount stated by Board policy or in the Bylaws. Each Participating Agency is responsible for the deductible applicable to it under the coverage agreement. The Authority shall take the amount of the deductible into consideration in calculating the amount charged to each Participating Agency for the risks covered. The Participating Agency will be responsible for all amounts over the combination of its Deductible, the Authority's coverage amount, and any purchased and/or pooled excess coverage if the loss or settlement exceeds the combination.

SUBROGATION

The Authority shall share each subrogation recovery with the Participating Agency in accordance with any policies or procedures described in the coverage agreement from which the covered loss originated. Each subrogation action shall be brought on behalf of both the Participating Agency and the Authority.

SPECIAL COVERAGES

The Authority may negotiate special coverages with or for a Participating Agency(ies) as may be requested by the Participating Agency(ies). The special coverages may be approved by the Board and be funded in accordance with the Authority's Bylaws or policies. It is

Exhibit B

intended that special coverages for any Participating Agency(ies) not be provided at the expense of the other Participating Agencies without Board approval.

ARTICLE XIII

ASSESSMENTS

Upon a majority vote of the Board, the Board shall have the authority to levy a cash assessment for any pooled coverage program. There must be a finding by the Board that these are insufficient funds available to the Authority to meet its obligations.

A cash assessment shall be directed only to those Participating Agencies or former Participating Agencies which participated in the pooled coverage program during the program year in which the covered loss, causing the assessment, was incurred.

The cash assessment will be due and payable thirty (30) days from the date the Board declares the assessment, unless otherwise indicated.

Any costs, including attorney fees incurred by the Authority in collecting any cash assessment, shall be reimbursed in full by the Participating Agency against which such collection action has been taken.

ARTICLE XIV

MEMBERSHIP

New Member

Exhibit B

The Authority may allow entry into the program a new Participating Agency as an Associate Member, approved by the Board only at the beginning of the Authority's fiscal year following the Authority's fiscal year in which the request to join the Authority is submitted to the Board by the agency requesting membership. Request for membership shall only be considered by the Board if the agency requesting membership has submitted a written request to the Board at least six (6) months prior to the beginning of the Authority's fiscal year in which the agency seeks membership. Moreover, the Board shall not consider a request for membership unless it includes, but is not limited to, such information as noted below:

- a) Complete a REMIF application form, which may include, but not be limited to, the following information.
 - 1) underwriting data for the current year;
 - 2) payrolls for the prior five years;
 - 3) loss history for the prior five years;
 - 4) a copy of the most recent claims audit and actuarial reports;
 - 5) a copy for the most recent audited financial statements;
 - 6) an indication as to the pooled coverage programs in which the prospective applicant wishes to participate and the anticipated retained limit for such programs; and
- b) Provide an actuarial study in a framework that is acceptable to REMIF.
- c) Provide a current accreditation or independent consultant's report from an organization that is acceptable to REMIF.
- d) Submit to a staff analysis of their qualifications for membership and provide whatever documentation is required.
- e) Comply with any other requests or considerations made by the Board of Directors.

Agencies entering under this Article shall be required to pay their share of organizational expenses as determined by the Board, including those necessary to analyze their loss data and determine their premiums.

Upon review of a prospective Participating Agency's application and after any necessary site visits by staff, a report, containing a staff recommendation, will be presented to the Board of Directors. The prospective Participating Agency will be invited to attend a meeting of the Board of Directors to respond to questions concerning the application. The

affirmative vote of a two-third (2/3) majority of the Board is necessary for admission to the Authority.

Any agency admitted under this Article will be designated an Associate Member with all the rights and responsibilities assigned by the Agreement, these Bylaws, and Board policies to an Associate Member.

ARTICLE XV

TERMINATION AND DISTRIBUTION

Upon termination of the Authority, in accordance with Article XXII of the JPA Agreement, the Authority shall take all necessary actions to properly dispose of all claims and other liabilities of the Authority.

Cash Contributions:

All remaining cash assets shall be distributed among only the parties which have been participants in the pooled coverage program, including any of those parties which had previously withdrawn, or were expelled, pursuant to Articles XX and XXI of the JPA Agreement and in accordance with the terms and conditions of the Bylaws. Each qualifying participant's share shall be determined by policy or a resolution of the Board of Directors. The Board shall determine and make such distribution within six (6) months after the last pending claim or covered loss, subject to the JPA Agreement, has been finally resolved.

Real and Personal Property (other than cash contributions):

All real and personal property shall be liquidated. The cash from the liquidated assets will be distributed in the manner as determined by the Board of Directors. The Board shall determine and make such distribution within six (6) months after the last pending claim or covered loss, subject to the JPA Agreement, has been finally resolved.

ARTICLE XVI

AMENDMENTS

These Bylaws may be amended by a two-thirds (2/3) vote of the Board provided that any amendment is compatible with the purposes of the Authority, is not in conflict with the JPA Agreement, and has been submitted to the Board at least thirty (30) days in advance. Any such amendment shall be effective immediately, unless otherwise designated.

ARTICLE XVII

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 laws of the State of California or the United States, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions and provisions shall not be affected thereby.

ADDENDUM I

MEMBER LISTING

Original 7 Founding Members Established in 1976

City of Cloverdale

City of Cotati

City of Healdsburg

City of Rohnert Park

City of Sebastopol

City of Sonoma

City of Ukiah

Effective July 1, 2014, the following public agencies are Current Members and Former Associate Members of the Redwood Empire Municipal Insurance Fund:

<u>Member</u>	<u>Date Joined</u>
City of Fort Bragg	12/31/78
City of Lakeport	12/31/78
City of Willits	12/31/78
City of Arcata	7/1/80
City of Fortuna	7/1/80
City of St. Helena	7/1/86
Town of Windsor	7/1/92
City of Eureka	3/1/93
City of Crescent City	3/1/78 to 6/30/93 (Former)

ADDENDUM II

OFFICES

The principal address of Redwood Empire Municipal Insurance Fund for the transaction of business and receipt of all notices shall be:

414 W. Napa Street
Sonoma, CA 95476

**BYLAWS
of the
CALIFORNIA INTERGOVERNMENTAL RISK AUTHORITY**

**ARTICLE I.
PREAMBLE**

The California Intergovernmental Risk Authority (“CIRA” or “the Authority”) is established for the purposes and under the authorities described in its Joint Exercise of Powers Agreement (“Agreement”). The Agreement specifies that Bylaws will govern many of the operations of the Authority, and defines certain terms used in these Bylaws.

**ARTICLE III.
NEW MEMBERS**

Any California public agency that provides municipal services may become a Member of the Authority by agreeing to be bound by the Governing Documents and by complying with all of the following requirements:

- A. Submit a completed application for membership 90 days before the start of the fiscal year, including any required application fee;
- B. Submit a signed resolution acknowledging participation under the terms and conditions which then prevail;
- C. Execute the Agreement then in effect and agree to be bound by any subsequent amendments to the Agreement;
- D. Agree to be a Member for at least five consecutive fiscal years after commencement of membership or, if a member of the Public Agency Risk Sharing Authority of California (PARSAC) or the Redwood Empire Municipal Insurance Fund (REMIF) as of June 30, 2021, for two fiscal years after that date;
- E. Be accepted for membership by a two-thirds vote of the Board of Directors;
- F. Appoint, in writing, a representative to act as Director on the Authority’s Board and another to act as alternate Director in the absence of the Director, who shall be officers or employees of the Member; and
- G. Ensure the Director and alternate Director file with the Authority the required Fair Political Practices Commission (FPPC) forms upon assuming office, annually, and upon termination of office.

Before the Board votes on a potential Member’s application, there shall be a review and interview of the applicant, in accordance with the Underwriting Guidelines, including the applicant’s most recent audited financial statement and associated management letters. This review may also include a safety inspection of the facilities of the applicant. A two-thirds vote of the Board of Directors is required to approve the

Exhibit C

application, based upon the application, and any inspections, reports, or other material pertinent to the decision.

ARTICLE IV. MEMBER RESPONSIBILITIES

Each Member is responsible for the following:

1. Cooperation with the Authority, its insurers, adjusters and legal counsel in determining the cause of losses in settling claims, and supporting effective risk management and risk transfer decisions;
2. Timely payment of all contributions, assessments, interest, penalties, or other charges imposed consistent with the Governing Documents;
3. Providing the Authority with statistical and loss experience and other data as requested.
4. Execution of a membership resolution for each Program in which the Member participates.
5. Appointing a representative and alternate to represent the Member on the Authority's Board, expressly authorizing such representatives to act on behalf of the Member on all matters coming before the Board, and assuring that its representative or alternate regularly attend meetings of the Board and any committee to which a representative has been appointed.
6. Execution of amendments to this Agreement as set forth in Article XV; provided, however, the Member may, by resolution or ordinance, authorize its representative on the Board to approve and execute amendments on behalf of the Member without the necessity of a resolution or ordinance of the legislative body of the Member confirming or ratifying such amendment.
7. As required by the Authority, undertake risk management audits of its facilities and activities, conducted by a person and/or firm approved by the Authority and provide evidence of correction, elimination and/or clarification of all noted deficiencies or recommended corrections to the satisfaction of the Authority.
8. Use of an Authority-approved third-party claims administrator.
9. Payment for the costs of staffing and supporting the Authority ("general expenses") shall be funded by the Members in accordance with the Board's allocation of general expenses to the Authority's various Programs.

ARTICLE V. GOVERNING BOARD

- A. The governing body of the Authority shall be the Board of Directors (Board). The Board shall be comprised of one Director from each Member. Each Director has one vote. An alternate Director may cast a vote only in the absence of the Director. Each Director and alternate Director must be an officer or employee of the Member. A Member may change any of its representatives to

Exhibit C

- the Board only by written notification to the Authority from the Member's governing body or the Member's Chief Executive Officer or equivalent.
- B. The Board shall provide policy direction for the General Manager, the Executive Committee, any other standing committees, and any administrative or legal service providers to the Authority. The Board may delegate any or all of its responsibilities, except those requiring a vote by the Board as specified in the Governing Documents.
- C. As to Program-specific agenda items, only the Directors representing Members that participate in that Program may vote, and as to such items a quorum shall be determined by reference to the number of Members participating in the Program. As to agenda items relating to all liabilities and obligations of CIRA existing prior to the Effective Date ("Preexisting Obligations"), only Directors representing Members who were members of the Authority prior to the Effective Date may vote, and as to such items, a quorum shall be determined solely by reference to the number of Members that were members of the Authority prior to the Effective Date.
- D. The Board reserves unto itself the authority to do the following (except where specifically noted, a simple majority of the Board present at a meeting may take action):
1. Accept a new Member to the Authority (two-thirds vote of the Board);
 2. Accept indebtedness (two-thirds vote of the entire Board);
 3. Adopt a budget;
 4. Amend these Bylaws;
 5. Elect and remove Officers;
 6. Expel a Member from the Authority (two-thirds vote of the Board);
 7. Approve dissolution of Authority (two-thirds vote of the entire Board); and
 8. Approve financing costs from one Program to another (Program to Program borrowing) if such financing extends beyond a twelve-month period.
- E. The Board will meet at least once a year to review the operations of the Authority. The Board will establish a time and place to hold such regular meetings. The Board Secretary will mail notices of all Board meetings to each Member, keep minutes of the meetings, and send copies of such minutes to the Members.
- F. A special meeting may be called by the president or by a majority of the Board with twenty-four (24) hours' notice, stating the purpose, date, time, and place of the meeting, provided such notice is in writing.
- G. Every Member is expected to have its Director or alternate attend Board meetings.

Exhibit C

- H. All meetings of the Board shall be conducted in accordance with the Ralph M. Brown Act (Government Code §54950 et seq.)
- I. A quorum shall consist of a majority of the Directors then appointed and serving, without counting vacancies. All matters within the purview of the Board may be decided by a majority vote of a quorum of the Board, except as specified otherwise in the Governing Documents.

ARTICLE VI. OFFICERS

- A. The officers of the Authority shall consist of a President, a Vice President, a Treasurer, an Auditor/Controller, and a Secretary. The Board shall elect the President, Vice-President, Treasurer, and Auditor/Controller. The President, Vice-President, and Auditor/Controller must be directors on the Board. The Treasurer may be a Director, an employee of the Authority, or an employee of a Member, and if the Treasurer is an employee of a Member the employee need not be the Member's designated representative on the Board. The General Manager shall serve as Secretary.
- B. Initial officers shall serve staggered terms with the President and Treasurer serving a two-year term and Vice President and Auditor/Controller serving a one-year term. The terms of office for subsequent officer elections shall be two years. The President and Auditor/Controller will be elected in odd-numbered years and the Vice President and Treasurer will be elected in even-numbered years.
- C. Initial officers (other than the Secretary) shall be elected at the first meeting of the Board of Directors. At least 30 days before each subsequent election, the President may appoint a nominating committee as set forth in these Bylaws or propose a slate informally.
- D. The nominating committee's nomination of candidates for elected officer positions shall be made in writing, and the slate of nominees will be sent to each Member at least seven (7) days before the last regular Board meeting of the fiscal year. Additional candidates for any of the offices may be made by an open nomination and second from the floor at the time of the meeting.
- E. The election of officers will be held at the last regular Board meeting of the fiscal year in which their terms expire or at a special meeting called for that purpose. Those candidates receiving a majority of votes cast for each office will succeed to those offices. If no nominee receives a majority of the vote, the nominee with the least votes shall be deleted as a nominee and a new vote taken. This elimination process will continue until one nominee receives a majority vote. Each Director or, in the absence of that Director, the Director's alternate, shall be eligible to vote.
- F. Each elected officer will serve until the next election of officers, or termination of his or her employment with the Member, or until removal from office by a majority vote of the Board, whichever is earliest.
- G. The Board shall make the appointment to a vacancy in the office of the President. Vacancies in any other office shall be filled by appointments by the President with ratification by the Board at

Exhibit C

the next Board meeting held after the vacancy occurs. In the event that the Board fails to ratify an appointment, the President shall make another appointment which will be subject to ratification by the Board.

- H. The President shall preside at all meetings of the Authority. The President shall, with the consent of the Board or Executive Committee, appoint representatives to the board of any joint powers authority of which the Authority is a Member, and shall make all Committee appointments with the exception of the Executive Committee. The President shall execute documents on behalf of the Authority as authorized by the Board and shall serve as the primary liaison between the Authority and any other organization. The President shall serve as a member of the Executive Committee and as a nonvoting ex-officio member of all other Committees.
- I. In the absence or temporary incapacity of the President, the Vice-President shall exercise the functions of the President. The Vice-President shall serve as member of the Executive Committee and as a nonvoting ex-officio member of all other committees when the President is unable to attend.
- J. The Auditor/Controller shall be responsible for the duties and functions prescribed by Government Code Section 6505.6, as well as any other duties as may be specified by the Board or the Executive Committee. The Auditor/Controller may appoint an assistant to serve as needed, provided such assistant shall not be an employee or public official of the same Member as the Auditor/Controller. In the absence of both the President and Vice President at any one meeting, the Auditor/Controller shall preside over that meeting only and shall have powers and duties as may be required by the Board for this purpose. If the President, Vice-President, and Auditor/Controller will be absent from any one meeting, any of them may designate a director to preside over the meeting, but the designated director shall have only the powers and duties as may be required by the Board for this purpose.
- K. The Secretary shall be responsible for preparing all minutes and agendas of the Board, the Executive Committee, and any other Committee meetings, preparing necessary correspondence, and maintaining files and records.
- L. The Treasurer shall have no vote on the Board or Executive Committee unless the Treasurer is a designated representative of a Member to the Board. The Treasurer shall have the responsibility to establish and maintain such funds and accounts as may be required by accepted accounting practices and procedures prescribed by the Government Accounting Standards Board and by the Board. Separate accounts shall be established and maintained for each Program Year of each Program. Books and records of the Authority in the hands of the Treasurer or other designated person shall be open to inspection at all reasonable times by members of the Board or authorized representatives of the Members. The Treasurer shall disburse Authority funds, accounts, and property, in accordance with the Government Code and at the direction of the Board.
- M. An Officer Emeritus is a retired or former member of the Authority's or REMIF's Executive Committee or Board of Directors, preferably an Officer, having served three terms or more on the Executive Committee or six years on the Board for each agency. The Officer Emeritus serves to maintain the institutional knowledge, culture, and practice of CIRA. The Officer Emeritus is

Exhibit C

independent and does not represent any Member. The Officer Emeritus attends and may participate in meetings but does not vote. The Officer Emeritus may represent CIRA as directed and may serve as a mentor or advisor as needed and available. The Officer Emeritus receives a stipend as determined by the Board via resolution and reimbursement for reasonable travel expenses. The Executive Committee shall appoint up to two Officers Emeritus to be affirmed by the Board. The Officer Emeritus position will be re-evaluated by the Board after five years.

ARTICLE VII. COMMITTEES

- A. Executive Committee. There shall be an Executive Committee to conduct the day-to-day business of the Authority. The Board may create other committees, standing or temporary, as it deems necessary.
- B. All committee meetings shall be conducted in accordance with applicable law, including but not limited to the Ralph M. Brown Act (Government Code § 54950, et seq.). For all committees, a quorum shall consist of a majority of committee members then appointed and serving, without counting vacancies. All matters within the purview of a committee may be decided by a majority vote of a quorum of the committee, except as specified otherwise in the Governing Documents.
- C. The Executive Committee shall be composed of thirteen members including the President, Vice-President, Treasurer (if a Board Member), and Auditor/Controller, and nine (or ten, if necessary) other individuals, all of whom must be Directors and not alternates. Five of the nine shall be elected by the Board in even numbered years and four (or five, if necessary) shall be elected by the Board in odd numbered years. One each shall be elected by the Directors in each of three regions designated by the Board. One each shall be elected by the Directors in each of three size categories (small, medium, and large) designated by the Board. Three (or if necessary four) shall be elected at large. Executive Committee members may be re-elected without restriction. All nine shall be elected in the first election following adoption of these Bylaws, with either four or five being designated to serve an initial term of one year until the next election depending on whether the next year is odd or even. For the first two elections after these Bylaws become effective on July 1, 2021, at least five members of the Executive Committee shall be from former members of the Redwood Empire Municipal Insurance Fund. No Member shall be represented by more than one member on the Executive Committee.
- D. Members of the Executive Committee may be removed with or without cause by the Board, which shall elect replacements for the vacancies caused by such removal. Members may also be removed for failure to attend two consecutive meetings without reasonable excuses. The President may appoint replacements to fill any vacancies caused by death, disability, resignation, disqualification, or removal for unexcused absences, and such appointees shall serve until the next meeting of the Board, at which time the selection of replacement shall be ratified or another replacement elected.
- E. The Executive Committee may exercise all powers and authority of the Board, except those reserved to the Board as set forth in Article V.D. The Executive Committee may make recommendations to the Board on matters including a change in Members' retention levels, approval of the annual budget, and approval of new Members. The Executive Committee may also establish subcommittees, define their functions and responsibilities and appoint members

Exhibit C

to them; appoint or terminate the General Manager; and exercise such other powers and perform such other duties as these Bylaws or the Board may prescribe.

- F. PARSAC Committee. The Board shall appoint a committee made up of representatives of Authority members that were members prior to the Effective Date to make recommendations to the Board regarding the administration of the Preexisting Obligations.
- G. Personnel Committee. The Officers (not including the Secretary or any Treasurer who is not a Director) and two other Directors appointed by the President (three if the Treasurer is not a Director) shall serve collectively as the Personnel Committee, with the authority to oversee, review and recommend action to be taken by the Executive Committee regarding the performance and compensation of the General Manager and any other personnel issues.

ARTICLE VIII. GENERAL MANAGER

- A. The General Manager shall be the Chief Administrative Officer and Secretary of the Authority, appointed by the Board and serving at the pleasure of the Board. The General Manager may not be an employee or an officer of a Member.
- B. The General Manager shall be responsible for administering the operations of the Authority, including giving notices of meetings, posting of agendas for meetings, preparation of minutes of meetings, maintenance of all accounting and other financial records of the Authority, filing of all financial reports of the Authority, reporting activities of the Authority to Members, and other such duties as the Board may specify.
- C. The General Manager shall appoint all staff positions of the Authority, subject to budget approval by the Board, and shall be responsible for their supervision.
- D. The General Manager shall attend all meetings of the Board and Executive Committee

ARTICLE IX. SETTLEMENT OF CLAIMS

- A. The General Manager shall have authority to settle workers compensation, property and liability claims up to the limit specified by Board policy but not to exceed the actual amount of the claim. The Executive Committee, Board, or a designated claims committee, if appointed, shall have authority to settle claims beyond the authority of the General Manager.
- B. For workers' compensation claims, staff has standing authority to pay benefits due under workers' compensation law for medical benefits, temporary disability, etc. and to resolve permanent disability claims up to statutory requirements. Any settlements for permanent disability and/or a compromise and release exceeding the statutory requirements may be settled by the General Manager, or by the Executive Committee or Board for amounts in excess of the General Manager's authority up to the Authority's limit of coverage.

**ARTICLE X.
FINANCIAL AUDIT**

- A. The Auditor/Controller shall cause an annual audit of the financial accounts and records of the Authority to be made by a qualified, independent individual or firm. The minimum requirements of the audit shall be those prescribed by law.
- B. The financial audit report shall be filed with the State Controller's Office within six months of the end of the fiscal year under examination. A copy of the audit report shall be filed as a public record with each Member.
- C. The costs of the audit shall be charged against the operating funds of the Authority.

**ARTICLE XI.
FISCAL YEAR**

- A. The fiscal year of the Authority shall be the period from July 1 of each year through June 30 of the subsequent year.

**ARTICLE XII.
BUDGET**

- A. A draft budget shall be presented to the Board at the last scheduled Board meeting prior to July 1 of the next fiscal year.
- B. The Board shall adopt the annual budget by July 1 of each year.

**ARTICLE XIII.
ESTABLISHMENT AND ADMINISTRATION OF FUNDS**

- A. The Authority is responsible for the strict accountability of all funds and reports of all receipts and disbursements. It shall comply with every provision of law relating to the subject, particularly Section 6505 of the Government Code. The Treasurer shall receive, invest, and disburse funds only in accordance with procedures established by the Board and in conformity with applicable law.
- B. The funds received for each Program shall be accounted for separately on a full-accrual basis. The portion of each Program's annual contribution allocated for payment of claims and losses shall be held by the Authority in trust for the Program members.
- C. The Treasurer may invest funds not required for the immediate operations of the Authority, as directed by the Board or Executive Committee, in the same manner and on the same conditions as local agencies as provided by Government Code Section 53601.
- D. The General Manager shall draw warrants to pay demands against the Authority, after such demands have been approved by both the President and the Treasurer, except for employee payroll and benefits disbursements, and other unusual or urgent circumstances as determined

Exhibit C

by the General Manager. All checks disbursing funds of the Authority shall be signed by at least two Authority officials, one of whom must be the General Manager or designee.

- E. Officers, directors and employees handling funds shall be properly bonded as determined by the Board or Executive Committee.

ARTICLE XIV. PROGRAMS

- A. The Authority shall establish Programs in such areas as the Board may select including, but not limited to, the areas of property, workers' compensation, and liability coverage.
- B. Coverage in a Program may be provided by a self-funded risk-sharing pool, participation in pooled excess self-insurance, purchased insurance, reinsurance or any combination thereof, as determined by the Board or Executive Committee.
- C. The Authority may authorize and use administrative funds to study the feasibility and development of new Programs. If a new Program is approved by the Board, the estimated contributions to fund the Program shall be developed and presented in writing to each Member. Each Member shall have sixty (60) days from the date of such notice to state in writing its intent to join or refrain from joining the new Program. Unless the Member provides written notice to the Authority of its intent to participate in the new Program, it shall be presumed that the Member declines to participate in the Program. Upon conclusion of the notice period, the final contributions will be determined and billed to the Members in the new Program. Each Member that elected to participate will be bound to the new Program for the period of time required by the Master Program Document.
- D. The Board will adopt and maintain a Memorandum of Coverage and Master Program Document, and determine the financial contributions to be required of the Members for each Program. The Memorandum of Coverage or Master Program Document shall, among other things, establish procedures for addressing claims disputes.
- E. Each Program will be financially self-contained and individually evaluated for administrative and equity allocation purposes. Each fiscal year within each Program shall be separately accounted and maintained. Program funds may be co-mingled with the funds of another Program for durations shorter than a twelve-month period, or when specifically allowed by the Board.
- F. Each Member shall cooperate fully with the Authority to provide underwriting and safety and loss control information. Additionally, each Member shall comply with the provisions of the annual Safety and Loss Prevention Program Plan as approved by the Board.
- G. Members with delinquent amounts due may be assessed a penalty which shall be set by the Authority.
- H. The condition of each Program shall be evaluated by an independent actuary. The Workers' Compensation and Liability Programs shall receive such evaluation on an annual basis. Other Programs shall be evaluated as determined by the Board. The condition of each open fiscal year within each such Program shall be evaluated to determine its actuarial soundness. If it is

Exhibit C

determined by the actuary that any year is no longer actuarially sound, appropriate actions shall be taken. In addition, the Board reserves the right to assess all Members and/or the Members of any Program an amount determined by the Board to be necessary for the soundness of the Program and to allocate such assessment in a fair and equitable manner.

- I. The withdrawal or expulsion of a Member from any Program shall be in accordance with the provisions of the Master Program Document.
- J. The withdrawal or expulsion of any Member from any Program shall not terminate the Member's responsibility to contribute its share of contributions, or funds, to any fund or Program in which it participated, nor its responsibility to provide requested data for the periods in which it participated. All current and past Members shall be responsible for their respective share of the expenses, as determined by the Authority, until all claims, or other unpaid liabilities covering the period of the Member's participation in the Program, have been finally resolved and a determination of the final amount of payments due by, or credit to, the Member for the period of its participation has been made by the Board. Past Members shall receive any distribution of surplus based on the same methodology as current Members. The withdrawal or expulsion of any Member from any Program shall not require the repayment or return to that Member of all or any part of any contributions, payments, advances, or distributions except in conformance with the provisions as set forth herein and in the Master Program Document.
- K. The Treasurer may deposit and invest Authority funds, subject to the same requirements and restrictions that apply to deposit and investment of the general funds of a city incorporated in the State of California and in accordance with the Investment Policy adopted annually by the Board.
- L. The accounting method for each Program will be in accordance with the provisions of the Master Program Document and the principles established by the Government Accounting Standards Board.

ARTICLE XV.

WITHDRAWAL, DEFAULTS AND EXPULSION FROM THE AUTHORITY

- A. **Withdrawal from a Program**
 - 1. Any Member which withdraws as a participant in any Program may renew participation in that Program by complying with all Program rules and regulations.
 - 2. All Members must participate in at least one of the following two Programs: Workers' Compensation and Liability. If withdrawal from a Program would result in the Member no longer participating in either of these two Programs, then such withdrawal shall constitute withdrawal as a party to the Joint Powers Agreement, subject to the Member's continuing obligations outlined in this Agreement and any other relevant governing documents. Withdrawal from the Authority pursuant to this Section A requires one year's notice of intent to withdraw as described in Section B below.

Exhibit C

B. Withdrawal from the Authority

1. A withdrawing Member must notify CIRA of its intention to withdraw at least one year prior to the end of the fiscal year in which the Member intends to withdraw, unless a shorter withdrawal period is approved by the Executive Committee, in its sole discretion.
2. Withdrawing Members shall forfeit any remaining equity. In addition to foregoing equity, withdrawing members shall be subject to an administrative fee equal to their pro-rata share of ongoing expenses for the three program years following withdrawal. Ongoing expenses include but are not limited to staff payroll and benefits, actuarial services, investment services, financial audits, and claims administration. The withdrawing member will be invoiced its portion of the administrative fee for each of the three years, as outlined in the Master Program Document.
3. Following withdrawal, any Member which was a participant in any Program shall be responsible for its share of any additional amount of contribution, determined by the Board in accordance with the retrospective contribution adjustment, which may be necessary to enable final disposition of all claims arising from losses under that Program during the withdrawn Member's period of participation. Any such additional contribution shall be taken first from the Member's forfeited equity, if any, and if such equity is insufficient the withdrawn Member shall be responsible to pay the difference.
4. A notice of intent to withdraw may be rescinded in writing with Executive Committee consent at any time earlier than ninety (90) days before the expiration of the withdrawal period, except that any withdrawal approved by the Executive Committee upon less than six (6) months' notice shall be final.

C. The following shall be "defaults" under the Agreement and these Bylaws:

1. Failure by a Member to observe and/or perform any covenant, condition, or agreement under the Governing Documents, including but not limited to risk management or loss reporting procedures;
2. Consistent failure to attend meetings by a Member's designated representative or alternate, submit requested documents, or cooperate in the fulfillment of the Program objectives;
3. Failure to pay any amounts, including penalties and interest, due to the Authority for more than thirty (30) days;
4. Consistent inability to sustain the financial and insurance criteria that was reviewed and considered upon application for membership. For example, excessive losses, financial distress of member, handling of legal matters, corrective actions and other areas as determined by the Board;

Exhibit C

5. The filing of a petition applicable to the Member in any proceedings instituted under the provisions of the Federal Bankruptcy Code or under any similar act which may hereafter be enacted; or
6. Any condition of the Member which the Board believes jeopardizes the financial viability of the Authority.

C. Remedies on Default

1. Whenever any default has occurred, the Authority may exercise any and all remedies available pursuant to law or granted pursuant to the Agreement and these Bylaws including, but not limited to increasing a Member's retention, penalty, or assessment, canceling a Member's coverage, or expelling the Member. However, no remedy shall be sought for defaults until the Member has been given thirty (30) days' notice of default by the Authority.
2. Probation of a Member from a Program and/or Authority:
 - a. If deemed appropriate by the Authority a member may be put on probation for a defined period of time to remedy any stated failures or matters noted in this Article.
 - b. Notice of such probation shall be in writing and signed by both parties.
 - c. The probation remedies and timelines shall be stated clearly in the notice of probation so that the Authority's actions at the end of the probation period are understood by both parties.
3. Expulsion of a Member from the Authority:
 - a. The Board, with at least a two-thirds vote, may expel any Member that is in default from the Authority.
 - b. Such expulsion shall be effective on the date prescribed by the Board, but not earlier than thirty days after notice of expulsion has been personally served or sent by certified mail to the Member.
 - c. The expulsion of any Member from any Program, after the effective date of such Program, shall not terminate its responsibility to contribute its share of contributions, or funds, to any fund Program in which it participated, nor its responsibility to provide requested data for the period(s) in which it participated.

D. Cancellation by the Authority of Coverage under a Program:

1. Upon the occurrence of any default, the Board may temporarily cancel all rights of the defaulting Member in any Program in which such Member is in default until such time as the condition causing default is corrected.

Exhibit C

2. Upon the occurrence of any default, the Board, with at least a two-thirds (2/3) vote, may cancel permanently all rights of the defaulting Member in any Program in which such Member is in default.
- E. No remedy contained herein is intended to be exclusive. No delay or failure to exercise any right or power accruing upon any default, shall impair any such right or shall be construed to be a waiver thereof.
- F. In the event any provision in any of the Governing Documents is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.
- G. Except as stated in this Article or elsewhere in the Governing Documents, neither withdrawal nor expulsion shall extinguish the rights and obligations of the parties incurred prior to such withdrawal or expulsion.

ARTICLE XVII. LEGAL REPRESENTATION

- A. Legal counsel may be retained by the Board to advise on matters relating to the operation of the Authority and interpretation of the Governing Documents, including but not limited to the Memoranda of Coverage. In matters in which the parties' interests are adverse or potentially adverse, counsel for the Board shall only represent the Board and shall not represent any individual Member without the informed written consent of both parties.
- B. The Authority shall have the right to pay such legal counsel reasonable compensation for said services.

ARTICLE XVIII. EXECUTION OF CONTRACTS

- A. The Board or Executive Committee may authorize any officer or officers, or any agent or agents, to enter into any contract or execute any instrument in the name, and on behalf, of the Authority and such authorization may be general or confined to specific instances.
- B. Unless so authorized by the Board, no officer, agent, or employee shall have any power or authority to bind the Authority by any contract or to pledge its credit or to render it liable for any purpose or to any amount.

ARTICLE XXIV. EXPENSE REIMBURSEMENT AND INSURANCE

- A. The Authority shall reimburse any Director who does not otherwise receive compensation for actual expenses incurred, for reasonable out of pocket expenses of the Director in the performance of his/her duty on behalf of the Authority.

Exhibit C

- B. The Authority shall obtain insurance or provide other coverage (which may include self-insurance) indemnifying the directors, officers, and employees for personal liabilities arising out of wrongful acts in the discharge of their duties to the Authority.

ARTICLE XIX. NOTICES

- A. Any notice to be given to any Member, in connection with these Bylaws, must be in writing (which may include facsimile or email) and will be deemed to have been given when deposited in the mail to the address specified by the Member to receive such notice. Any notice delivered by facsimile will be deemed to have been given when the facsimile transmission is complete. Any notice delivered by email will be deemed to have been given when the message is successfully sent. Any Member may, at any time, change the address to which such notice will be given by giving five (5) days written notice to the Authority.
- B. Any notice to or claim against the Authority shall be mailed or delivered to the mailing address of the Authority.

ARTICLE XX. EFFECTIVE DATE, AMENDMENTS, AND SUPREMACY

- A. These Bylaws shall be effective immediately upon the date of adoption.
- B. Any amendments to these Bylaws shall be effective upon adoption, unless the Board in adopting them specifies otherwise, and shall supersede and cancel any prior Bylaws and/or amendments thereto.
- C. These Bylaws shall not be amended until at least 30 days after notice of the proposed amendment has been given to each Member.
- D. The adoption or amendment of these Bylaws shall not affect the Agreement or any amendments thereto. Any provision in these Bylaws which is inconsistent with the Agreement shall be superseded by the Agreement but only to the extent of the inconsistency.

ARTICLE XXI. POWER OF DESIGNATED PARTY

- A. Pursuant to Government Code section 6509, the Authority is subject to the restrictions upon the manner of exercising the power of the City of Rancho Cucamonga. In the event that the City of Rancho Cucamonga ceases to be a member of the Authority, the Authority's power shall be subject to the restrictions applicable to the City of Sebastopol.

Exhibit D

BYLAWS of the CALIFORNIA INTERGOVERNMENTAL RISK AUTHORITY

ARTICLE I. PREAMBLE

The California Intergovernmental Risk Authority (“CIRA” or “the Authority”) is established for the purposes and under the authorities described in its Joint Exercise of Powers Agreement (“Agreement”). The Agreement specifies that Bylaws will govern many of the operations of the Authority, and defines certain terms used in these Bylaws.

ARTICLE III. NEW MEMBERS

Any California public agency that provides municipal services may become a Member of the Authority by agreeing to be bound by the Governing Documents and by complying with all of the following requirements:

- A. Submit a completed application for membership 90 days before the start of the fiscal year, including any required application fee;
- B. Submit a signed resolution acknowledging participation under the terms and conditions which then prevail;
- C. Execute the Agreement then in effect and agree to be bound by any subsequent amendments to the Agreement;
- D. Agree to be a Member for at least five consecutive fiscal years after commencement of membership or, if a member of the Public Agency Risk Sharing Authority of California (PARSAC) or the Redwood Empire Municipal Insurance Fund (REMIF) as of June 30, 2021, for two fiscal years after that date;
- E. Be accepted for membership by a two-thirds vote of the Board of Directors;
- F. Appoint, in writing, a representative to act as Director on the Authority’s Board and another to act as alternate Director in the absence of the Director, who shall be officers or employees of the Member; and
- G. Ensure the Director and alternate Director file with the Authority the required Fair Political Practices Commission (FPPC) forms upon assuming office, annually, and upon termination of office.

Before the Board votes on a potential Member’s application, there shall be a review and interview of the applicant, in accordance with the Underwriting Guidelines, including the applicant’s most recent audited financial statement and associated management letters. This review may also include a safety inspection of the facilities of the applicant. A two-thirds vote of the Board of Directors is required to approve the

Exhibit D

application, based upon the application, and any inspections, reports, or other material pertinent to the decision.

ARTICLE IV. MEMBER RESPONSIBILITIES

Each Member is responsible for the following:

1. Cooperation with the Authority, its insurers, adjusters and legal counsel in determining the cause of losses in settling claims, and supporting effective risk management and risk transfer decisions;
2. Timely payment of all contributions, assessments, interest, penalties, or other charges imposed consistent with the Governing Documents;
3. Providing the Authority with statistical and loss experience and other data as requested.
4. Execution of a membership resolution for each Program in which the Member participates.
5. Appointing a representative and alternate to represent the Member on the Authority's Board, expressly authorizing such representatives to act on behalf of the Member on all matters coming before the Board, and assuring that its representative or alternate regularly attend meetings of the Board and any committee to which a representative has been appointed.
6. Execution of amendments to this Agreement as set forth in Article XV; provided, however, the Member may, by resolution or ordinance, authorize its representative on the Board to approve and execute amendments on behalf of the Member without the necessity of a resolution or ordinance of the legislative body of the Member confirming or ratifying such amendment.
7. As required by the Authority, undertake risk management audits of its facilities and activities, conducted by a person and/or firm approved by the Authority and provide evidence of correction, elimination and/or clarification of all noted deficiencies or recommended corrections to the satisfaction of the Authority.
8. Use of an Authority-approved third-party claims administrator.
9. Payment for the costs of staffing and supporting the Authority ("general expenses") shall be funded by the Members in accordance with the Board's allocation of general expenses to the Authority's various Programs.

ARTICLE V. GOVERNING BOARD

- A. The governing body of the Authority shall be the Board of Directors (Board). The Board shall be comprised of one Director from each Member. Each Director has one vote. An alternate Director may cast a vote only in the absence of the Director. Each Director and alternate Director must be an officer or employee of the Member. A Member may change any of its representatives to

Exhibit D

- the Board only by written notification to the Authority from the Member's governing body or the Member's Chief Executive Officer or equivalent.
- B. The Board shall provide policy direction for the General Manager, the Executive Committee, any other standing committees, and any administrative or legal service providers to the Authority. The Board may delegate any or all of its responsibilities, except those requiring a vote by the Board as specified in the Governing Documents.
- C. As to Program-specific agenda items, only the Directors representing Members that participate in that Program may vote, and as to such items a quorum shall be determined by reference to the number of Members participating in the Program. As to agenda items relating to all liabilities and obligations of CIRA existing prior to the Effective Date ("Preexisting Obligations"), only Directors representing Members who were members of the Authority prior to the Effective Date may vote, and as to such items, a quorum shall be determined solely by reference to the number of Members that were members of the Authority prior to the Effective Date.
- D. The Board reserves unto itself the authority to do the following (except where specifically noted, a simple majority of the Board present at a meeting may take action):
1. Accept a new Member to the Authority (two-thirds vote of the Board);
 2. Accept indebtedness (two-thirds vote of the entire Board);
 3. Adopt a budget;
 4. Amend these Bylaws;
 5. Elect and remove Officers;
 6. Expel a Member from the Authority (two-thirds vote of the Board);
 7. Approve dissolution of Authority (two-thirds vote of the entire Board); and
 8. Approve financing costs from one Program to another (Program to Program borrowing) if such financing extends beyond a twelve-month period.
- E. The Board will meet at least once a year to review the operations of the Authority. The Board will establish a time and place to hold such regular meetings. The Board Secretary will mail notices of all Board meetings to each Member, keep minutes of the meetings, and send copies of such minutes to the Members.
- F. A special meeting may be called by the president or by a majority of the Board with twenty-four (24) hours' notice, stating the purpose, date, time, and place of the meeting, provided such notice is in writing.
- G. Every Member is expected to have its Director or alternate attend Board meetings.

Exhibit D

- H. All meetings of the Board shall be conducted in accordance with the Ralph M. Brown Act (Government Code §54950 et seq.)
- I. A quorum shall consist of a majority of the Directors then appointed and serving, without counting vacancies. All matters within the purview of the Board may be decided by a majority vote of a quorum of the Board, except as specified otherwise in the Governing Documents.

ARTICLE VI. OFFICERS

- A. The officers of the Authority shall consist of a President, a Vice President, a Treasurer, an Auditor/Controller, and a Secretary. The Board shall elect the President, Vice-President, Treasurer, and Auditor/Controller. The President, Vice-President, and Auditor/Controller must be directors on the Board. The Treasurer may be a Director, an employee of the Authority, or an employee of a Member, and if the Treasurer is an employee of a Member the employee need not be the Member's designated representative on the Board. The General Manager shall serve as Secretary.
- B. Initial officers shall serve staggered terms with the President and Treasurer serving a two-year term and Vice President and Auditor/Controller serving a one-year term. The terms of office for subsequent officer elections shall be two years. The President and Auditor/Controller will be elected in odd-numbered years and the Vice President and Treasurer will be elected in even-numbered years.
- C. Initial officers (other than the Secretary) shall be elected at the first meeting of the Board of Directors. At least 30 days before each subsequent election, the President may appoint a nominating committee as set forth in these Bylaws or propose a slate informally.
- D. The nominating committee's nomination of candidates for elected officer positions shall be made in writing, and the slate of nominees will be sent to each Member at least seven (7) days before the last regular Board meeting of the fiscal year. Additional candidates for any of the offices may be made by an open nomination and second from the floor at the time of the meeting.
- E. The election of officers will be held at the last regular Board meeting of the fiscal year in which their terms expire or at a special meeting called for that purpose. Those candidates receiving a majority of votes cast for each office will succeed to those offices. If no nominee receives a majority of the vote, the nominee with the least votes shall be deleted as a nominee and a new vote taken. This elimination process will continue until one nominee receives a majority vote. Each Director or, in the absence of that Director, the Director's alternate, shall be eligible to vote.
- F. Each elected officer will serve until the next election of officers, or termination of his or her employment with the Member, or until removal from office by a majority vote of the Board, whichever is earliest.
- G. The Board shall make the appointment to a vacancy in the office of the President. Vacancies in any other office shall be filled by appointments by the President with ratification by the Board at

Exhibit D

the next Board meeting held after the vacancy occurs. In the event that the Board fails to ratify an appointment, the President shall make another appointment which will be subject to ratification by the Board.

- H. The President shall preside at all meetings of the Authority. The President shall, with the consent of the Board or Executive Committee, appoint representatives to the board of any joint powers authority of which the Authority is a Member, and shall make all Committee appointments with the exception of the Executive Committee. The President shall execute documents on behalf of the Authority as authorized by the Board and shall serve as the primary liaison between the Authority and any other organization. The President shall serve as a member of the Executive Committee and as a nonvoting ex-officio member of all other Committees.
- I. In the absence or temporary incapacity of the President, the Vice-President shall exercise the functions of the President. The Vice-President shall serve as member of the Executive Committee and as a nonvoting ex-officio member of all other committees when the President is unable to attend.
- J. The Auditor/Controller shall be responsible for the duties and functions prescribed by Government Code Section 6505.6, as well as any other duties as may be specified by the Board or the Executive Committee. The Auditor/Controller may appoint an assistant to serve as needed, provided such assistant shall not be an employee or public official of the same Member as the Auditor/Controller. In the absence of both the President and Vice President at any one meeting, the Auditor/Controller shall preside over that meeting only and shall have powers and duties as may be required by the Board for this purpose. If the President, Vice-President, and Auditor/Controller will be absent from any one meeting, any of them may designate a director to preside over the meeting, but the designated director shall have only the powers and duties as may be required by the Board for this purpose.
- K. The Secretary shall be responsible for preparing all minutes and agendas of the Board, the Executive Committee, and any other Committee meetings, preparing necessary correspondence, and maintaining files and records.
- L. The Treasurer shall have no vote on the Board or Executive Committee unless the Treasurer is a designated representative of a Member to the Board. The Treasurer shall have the responsibility to establish and maintain such funds and accounts as may be required by accepted accounting practices and procedures prescribed by the Government Accounting Standards Board and by the Board. Separate accounts shall be established and maintained for each Program Year of each Program. Books and records of the Authority in the hands of the Treasurer or other designated person shall be open to inspection at all reasonable times by members of the Board or authorized representatives of the Members. The Treasurer shall disburse Authority funds, accounts, and property, in accordance with the Government Code and at the direction of the Board.
- M. An Officer Emeritus is a retired or former member of the Authority's or REMIF's Executive Committee or Board of Directors, preferably an Officer, having served three terms or more on the Executive Committee or six years on the Board for each agency. The Officer Emeritus serves to maintain the institutional knowledge, culture, and practice of CIRA. The Officer Emeritus is

Exhibit D

independent and does not represent any Member. The Officer Emeritus attends and may participate in meetings but does not vote. The Officer Emeritus may represent CIRA as directed and may serve as a mentor or advisor as needed and available. The Officer Emeritus receives a stipend as determined by the Board via resolution and reimbursement for reasonable travel expenses. The Executive Committee shall appoint up to two Officers Emeritus to be affirmed by the Board. The Officer Emeritus position will be re-evaluated by the Board after five years.

ARTICLE VII. COMMITTEES

- A. Executive Committee. There shall be an Executive Committee to conduct the day-to-day business of the Authority. The Board may create other committees, standing or temporary, as it deems necessary.
- B. All committee meetings shall be conducted in accordance with applicable law, including but not limited to the Ralph M. Brown Act (Government Code § 54950, et seq.). For all committees, a quorum shall consist of a majority of committee members then appointed and serving, without counting vacancies. All matters within the purview of a committee may be decided by a majority vote of a quorum of the committee, except as specified otherwise in the Governing Documents.
- C. The Executive Committee shall be composed of thirteen members including the President, Vice-President, Treasurer (if a Board Member), and Auditor/Controller, and nine (or ten, if necessary) other individuals, all of whom must be Directors and not alternates. Five of the nine shall be elected by the Board in even numbered years and four (or five, if necessary) shall be elected by the Board in odd numbered years. One each shall be elected by the Directors in each of three regions designated by the Board. One each shall be elected by the Directors in each of three size categories (small, medium, and large) designated by the Board. Three (or if necessary four) shall be elected at large. Executive Committee members may be re-elected without restriction. All nine shall be elected in the first election following adoption of these Bylaws, with either four or five being designated to serve an initial term of one year until the next election depending on whether the next year is odd or even. For the first two elections after these Bylaws become effective on July 1, 2021, at least five members of the Executive Committee shall be from former members of the Redwood Empire Municipal Insurance Fund. No Member shall be represented by more than one member on the Executive Committee.
- D. Members of the Executive Committee may be removed with or without cause by the Board, which shall elect replacements for the vacancies caused by such removal. Members may also be removed for failure to attend two consecutive meetings without reasonable excuses. The President may appoint replacements to fill any vacancies caused by death, disability, resignation, disqualification, or removal for unexcused absences, and such appointees shall serve until the next meeting of the Board, at which time the selection of replacement shall be ratified or another replacement elected.
- E. The Executive Committee may exercise all powers and authority of the Board, except those reserved to the Board as set forth in Article V.D. The Executive Committee may make recommendations to the Board on matters including a change in Members' retention levels, approval of the annual budget, and approval of new Members. The Executive Committee may also establish subcommittees, define their functions and responsibilities and appoint members

Exhibit D

to them; appoint or terminate the General Manager; and exercise such other powers and perform such other duties as these Bylaws or the Board may prescribe.

- F. PARSAC Committee. The Board shall appoint a committee made up of representatives of Authority members that were members prior to the Effective Date to make recommendations to the Board regarding the administration of the Preexisting Obligations.
- G. Personnel Committee. The Officers (not including the Secretary or any Treasurer who is not a Director) and two other Directors appointed by the President (three if the Treasurer is not a Director) shall serve collectively as the Personnel Committee, with the authority to oversee, review and recommend action to be taken by the Executive Committee regarding the performance and compensation of the General Manager and any other personnel issues.

ARTICLE VIII. GENERAL MANAGER

- A. The General Manager shall be the Chief Administrative Officer and Secretary of the Authority, appointed by the Board and serving at the pleasure of the Board. The General Manager may not be an employee or an officer of a Member.
- B. The General Manager shall be responsible for administering the operations of the Authority, including giving notices of meetings, posting of agendas for meetings, preparation of minutes of meetings, maintenance of all accounting and other financial records of the Authority, filing of all financial reports of the Authority, reporting activities of the Authority to Members, and other such duties as the Board may specify.
- C. The General Manager shall appoint all staff positions of the Authority, subject to budget approval by the Board, and shall be responsible for their supervision.
- D. The General Manager shall attend all meetings of the Board and Executive Committee

ARTICLE IX. SETTLEMENT OF CLAIMS

- A. The General Manager shall have authority to settle workers compensation, property and liability claims up to the limit specified by Board policy but not to exceed the actual amount of the claim. The Executive Committee, Board, or a designated claims committee, if appointed, shall have authority to settle claims beyond the authority of the General Manager.
- B. For workers' compensation claims, staff has standing authority to pay benefits due under workers' compensation law for medical benefits, temporary disability, etc. and to resolve permanent disability claims up to statutory requirements. Any settlements for permanent disability and/or a compromise and release exceeding the statutory requirements may be settled by the General Manager, or by the Executive Committee or Board for amounts in excess of the General Manager's authority up to the Authority's limit of coverage.

Exhibit D

ARTICLE X. FINANCIAL AUDIT

- A. The Auditor/Controller shall cause an annual audit of the financial accounts and records of the Authority to be made by a qualified, independent individual or firm. The minimum requirements of the audit shall be those prescribed by law.
- B. The financial audit report shall be filed with the State Controller's Office within six months of the end of the fiscal year under examination. A copy of the audit report shall be filed as a public record with each Member.
- C. The costs of the audit shall be charged against the operating funds of the Authority.

ARTICLE XI. FISCAL YEAR

- A. The fiscal year of the Authority shall be the period from July 1 of each year through June 30 of the subsequent year.

ARTICLE XII. BUDGET

- A. A draft budget shall be presented to the Board at the last scheduled Board meeting prior to July 1 of the next fiscal year.
- B. The Board shall adopt the annual budget by July 1 of each year.

ARTICLE XIII. ESTABLISHMENT AND ADMINISTRATION OF FUNDS

- A. The Authority is responsible for the strict accountability of all funds and reports of all receipts and disbursements. It shall comply with every provision of law relating to the subject, particularly Section 6505 of the Government Code. The Treasurer shall receive, invest, and disburse funds only in accordance with procedures established by the Board and in conformity with applicable law.
- B. The funds received for each Program shall be accounted for separately on a full-accrual basis. The portion of each Program's annual contribution allocated for payment of claims and losses shall be held by the Authority in trust for the Program members.
- C. The Treasurer may invest funds not required for the immediate operations of the Authority, as directed by the Board or Executive Committee, in the same manner and on the same conditions as local agencies as provided by Government Code Section 53601.
- D. The General Manager shall draw warrants to pay demands against the Authority, after such demands have been approved by both the President and the Treasurer, except for employee payroll and benefits disbursements, and other unusual or urgent circumstances as determined

Exhibit D

by the General Manager. All checks disbursing funds of the Authority shall be signed by at least two Authority officials, one of whom must be the General Manager or designee.

- E. Officers, directors and employees handling funds shall be properly bonded as determined by the Board or Executive Committee.

ARTICLE XIV. PROGRAMS

- A. The Authority shall establish Programs in such areas as the Board may select including, but not limited to, the areas of property, workers' compensation, and liability coverage.
- B. Coverage in a Program may be provided by a self-funded risk-sharing pool, participation in pooled excess self-insurance, purchased insurance, reinsurance or any combination thereof, as determined by the Board or Executive Committee.
- C. The Authority may authorize and use administrative funds to study the feasibility and development of new Programs. If a new Program is approved by the Board, the estimated contributions to fund the Program shall be developed and presented in writing to each Member. Each Member shall have sixty (60) days from the date of such notice to state in writing its intent to join or refrain from joining the new Program. Unless the Member provides written notice to the Authority of its intent to participate in the new Program, it shall be presumed that the Member declines to participate in the Program. Upon conclusion of the notice period, the final contributions will be determined and billed to the Members in the new Program. Each Member that elected to participate will be bound to the new Program for the period of time required by the Master Program Document.
- D. The Board will adopt and maintain a Memorandum of Coverage and Master Program Document, and determine the financial contributions to be required of the Members for each Program. The Memorandum of Coverage or Master Program Document shall, among other things, establish procedures for addressing claims disputes.
- E. Each Program will be financially self-contained and individually evaluated for administrative and equity allocation purposes. Each fiscal year within each Program shall be separately accounted and maintained. Program funds may be co-mingled with the funds of another Program for durations shorter than a twelve-month period, or when specifically allowed by the Board.
- F. Each Member shall cooperate fully with the Authority to provide underwriting and safety and loss control information. Additionally, each Member shall comply with the provisions of the annual Safety and Loss Prevention Program Plan as approved by the Board.
- G. Members with delinquent amounts due may be assessed a penalty which shall be set by the Authority.
- H. The condition of each Program shall be evaluated by an independent actuary. The Workers' Compensation and Liability Programs shall receive such evaluation on an annual basis. Other Programs shall be evaluated as determined by the Board. The condition of each open fiscal year within each such Program shall be evaluated to determine its actuarial soundness. If it is

Exhibit D

determined by the actuary that any year is no longer actuarially sound, appropriate actions shall be taken. In addition, the Board reserves the right to assess all Members and/or the Members of any Program an amount determined by the Board to be necessary for the soundness of the Program and to allocate such assessment in a fair and equitable manner.

- I. The withdrawal or expulsion of a Member from any Program shall be in accordance with the provisions of the Master Program Document.
- J. The withdrawal or expulsion of any Member from any Program shall not terminate the Member's responsibility to contribute its share of contributions, or funds, to any fund or Program in which it participated, nor its responsibility to provide requested data for the periods in which it participated. All current and past Members shall be responsible for their respective share of the expenses, as determined by the Authority, until all claims, or other unpaid liabilities covering the period of the Member's participation in the Program, have been finally resolved and a determination of the final amount of payments due by, or credit to, the Member for the period of its participation has been made by the Board. Past Members shall receive any distribution of surplus based on the same methodology as current Members. The withdrawal or expulsion of any Member from any Program shall not require the repayment or return to that Member of all or any part of any contributions, payments, advances, or distributions except in conformance with the provisions as set forth herein and in the Master Program Document.
- K. The Treasurer may deposit and invest Authority funds, subject to the same requirements and restrictions that apply to deposit and investment of the general funds of a city incorporated in the State of California and in accordance with the Investment Policy adopted annually by the Board.
- L. The accounting method for each Program will be in accordance with the provisions of the Master Program Document and the principles established by the Government Accounting Standards Board.

ARTICLE XV.

WITHDRAWAL, DEFAULTS AND EXPULSION FROM THE AUTHORITY

- A. Withdrawal from a Program
 - 1. Any Member which withdraws as a participant in any Program may renew participation in that Program by complying with all Program rules and regulations.
 - 2. All Members must participate in at least one of the following two Programs: Workers' Compensation and Liability. If withdrawal from a Program would result in the Member no longer participating in either of these two Programs, then such withdrawal shall constitute withdrawal as a party to the Joint Powers Agreement, subject to the Member's continuing obligations outlined in this Agreement and any other relevant governing documents. Withdrawal from the Authority pursuant to this Section A requires one year's notice of intent to withdraw as described in Section B below.

Exhibit D

B. Withdrawal from the Authority

1. A withdrawing Member must notify CIRA of its intention to withdraw at least one year prior to the end of the fiscal year in which the Member intends to withdraw, unless a shorter withdrawal period is approved by the Executive Committee, in its sole discretion.
2. Withdrawing Members shall forfeit any remaining equity. In addition to foregoing equity, withdrawing members shall be subject to an administrative fee equal to their pro-rata share of ongoing expenses for the three program years following withdrawal. Ongoing expenses include but are not limited to staff payroll and benefits, actuarial services, investment services, financial audits, and claims administration. The withdrawing member will be invoiced its portion of the administrative fee for each of the three years, as outlined in the Master Program Document.
3. Following withdrawal, any Member which was a participant in any Program shall be responsible for its share of any additional amount of contribution, determined by the Board in accordance with the retrospective contribution adjustment, which may be necessary to enable final disposition of all claims arising from losses under that Program during the withdrawn Member's period of participation. Any such additional contribution shall be taken first from the Member's forfeited equity, if any, and if such equity is insufficient the withdrawn Member shall be responsible to pay the difference.
4. A notice of intent to withdraw may be rescinded in writing with Executive Committee consent at any time earlier than ninety (90) days before the expiration of the withdrawal period, except that any withdrawal approved by the Executive Committee upon less than six (6) months' notice shall be final.

C. The following shall be "defaults" under the Agreement and these Bylaws:

1. Failure by a Member to observe and/or perform any covenant, condition, or agreement under the Governing Documents, including but not limited to risk management or loss reporting procedures;
2. Consistent failure to attend meetings by a Member's designated representative or alternate, submit requested documents, or cooperate in the fulfillment of the Program objectives;
3. Failure to pay any amounts, including penalties and interest, due to the Authority for more than thirty (30) days;
4. Consistent inability to sustain the financial and insurance criteria that was reviewed and considered upon application for membership. For example, excessive losses, financial distress of member, handling of legal matters, corrective actions and other areas as determined by the Board;

Exhibit D

5. The filing of a petition applicable to the Member in any proceedings instituted under the provisions of the Federal Bankruptcy Code or under any similar act which may hereafter be enacted; or
6. Any condition of the Member which the Board believes jeopardizes the financial viability of the Authority.

C. Remedies on Default

1. Whenever any default has occurred, the Authority may exercise any and all remedies available pursuant to law or granted pursuant to the Agreement and these Bylaws including, but not limited to increasing a Member's retention, penalty, or assessment, canceling a Member's coverage, or expelling the Member. However, no remedy shall be sought for defaults until the Member has been given thirty (30) days' notice of default by the Authority.
2. Probation of a Member from a Program and/or Authority:
 - a. If deemed appropriate by the Authority a member may be put on probation for a defined period of time to remedy any stated failures or matters noted in this Article.
 - b. Notice of such probation shall be in writing and signed by both parties.
 - c. The probation remedies and timelines shall be stated clearly in the notice of probation so that the Authority's actions at the end of the probation period are understood by both parties.
3. Expulsion of a Member from the Authority:
 - a. The Board, with at least a two-thirds vote, may expel any Member that is in default from the Authority.
 - b. Such expulsion shall be effective on the date prescribed by the Board, but not earlier than thirty days after notice of expulsion has been personally served or sent by certified mail to the Member.
 - c. The expulsion of any Member from any Program, after the effective date of such Program, shall not terminate its responsibility to contribute its share of contributions, or funds, to any fund Program in which it participated, nor its responsibility to provide requested data for the period(s) in which it participated.

D. Cancellation by the Authority of Coverage under a Program:

1. Upon the occurrence of any default, the Board may temporarily cancel all rights of the defaulting Member in any Program in which such Member is in default until such time as the condition causing default is corrected.

Exhibit D

2. Upon the occurrence of any default, the Board, with at least a two-thirds (2/3) vote, may cancel permanently all rights of the defaulting Member in any Program in which such Member is in default.
- E. No remedy contained herein is intended to be exclusive. No delay or failure to exercise any right or power accruing upon any default, shall impair any such right or shall be construed to be a waiver thereof.
- F. In the event any provision in any of the Governing Documents is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.
- G. Except as stated in this Article or elsewhere in the Governing Documents, neither withdrawal nor expulsion shall extinguish the rights and obligations of the parties incurred prior to such withdrawal or expulsion.

ARTICLE XVII. LEGAL REPRESENTATION

- A. Legal counsel may be retained by the Board to advise on matters relating to the operation of the Authority and interpretation of the Governing Documents, including but not limited to the Memoranda of Coverage. In matters in which the parties' interests are adverse or potentially adverse, counsel for the Board shall only represent the Board and shall not represent any individual Member without the informed written consent of both parties.
- B. The Authority shall have the right to pay such legal counsel reasonable compensation for said services.

ARTICLE XVIII. EXECUTION OF CONTRACTS

- A. The Board or Executive Committee may authorize any officer or officers, or any agent or agents, to enter into any contract or execute any instrument in the name, and on behalf, of the Authority and such authorization may be general or confined to specific instances.
- B. Unless so authorized by the Board, no officer, agent, or employee shall have any power or authority to bind the Authority by any contract or to pledge its credit or to render it liable for any purpose or to any amount.

ARTICLE XXIV. EXPENSE REIMBURSEMENT AND INSURANCE

- A. The Authority shall reimburse any Director who does not otherwise receive compensation for actual expenses incurred, for reasonable out of pocket expenses of the Director in the performance of his/her duty on behalf of the Authority.

Exhibit D

- B. The Authority shall obtain insurance or provide other coverage (which may include self-insurance) indemnifying the directors, officers, and employees for personal liabilities arising out of wrongful acts in the discharge of their duties to the Authority.

ARTICLE XIX.

NOTICES

- A. Any notice to be given to any Member, in connection with these Bylaws, must be in writing (which may include facsimile or email) and will be deemed to have been given when deposited in the mail to the address specified by the Member to receive such notice. Any notice delivered by facsimile will be deemed to have been given when the facsimile transmission is complete. Any notice delivered by email will be deemed to have been given when the message is successfully sent. Any Member may, at any time, change the address to which such notice will be given by giving five (5) days written notice to the Authority.
- B. Any notice to or claim against the Authority shall be mailed or delivered to the mailing address of the Authority.

ARTICLE XX.

EFFECTIVE DATE, AMENDMENTS, AND SUPREMACY

- A. These Bylaws shall be effective immediately upon the date of adoption.
- B. Any amendments to these Bylaws shall be effective upon adoption, unless the Board in adopting them specifies otherwise, and shall supersede and cancel any prior Bylaws and/or amendments thereto.
- C. These Bylaws shall not be amended until at least 30 days after notice of the proposed amendment has been given to each Member.
- D. The adoption or amendment of these Bylaws shall not affect the Agreement or any amendments thereto. Any provision in these Bylaws which is inconsistent with the Agreement shall be superseded by the Agreement but only to the extent of the inconsistency.

ARTICLE XXI.

POWER OF DESIGNATED PARTY

- A. Pursuant to Government Code section 6509, the Authority is subject to the restrictions upon the manner of exercising the power of the City of Rancho Cucamonga. In the event that the City of Rancho Cucamonga ceases to be a member of the Authority, the Authority's power shall be subject to the restrictions applicable to the City of Sebastopol.