



President
Ms. Liz Ehrenstrom
City of Oroville

**NCCSIF
SPECIAL EXECUTIVE COMMITTEE
MEETING**

Vice President
Mr. Russell Hildebrand
City of Rocklin

Treasurer
Mr. Tim Sailsbery
City of Willows

Secretary
Ms. Gina Will
Town of Paradise

Date: Thursday, October 17, 2013
Time: 10:00 a.m.

A – Action
I – Information

Location: Meeting via Teleconference at the following locations:

1 – Attached
2 – Hand Out
3 – Separate Cover
4 – Verbal
5 – Previously Mailed

1. City of Auburn, 1225 Lincoln Way, Auburn CA 95603
2. City of Gridley, 685 Kentucky Street, Gridley, CA 95948
3. City of Lincoln, 600 Sixth Street, Lincoln CA 95648
4. City of Oroville, 1735 Montgomery Street, Oroville, CA 95965
5. Town of Paradise, 5555 Skyway, Paradise, CA 95969
6. City of Nevada City, 317 Broad Street, Nevada City, CA 95959
7. City of Rocklin, 3970 Rocklin Road, Rocklin, CA 95677
8. City of Willows, 201 North Lassen Street, Willows, CA 95988
9. Alliant Insurance Services, Inc., 1792 Tribute Road #450, Sacramento, CA 95815

MISSION STATEMENT

The Northern California Cities Self Insurance Fund, or NCCSIF, is an association of municipalities joined to protect member resources by stabilizing risk costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.

AGENDA

A. CALL TO ORDER

B. PUBLIC COMMENTS

This time is reserved for members of the public to address the Executive Committee on matters pertaining to NCCSIF that are of interest to them.

C. APPROVAL OF AGENDA AS POSTED

A 1

D. JPA BUSINESS

pg. 01 **1. Approval of Liability Claims Audit with Risk Management Services, Inc.** **A 1**
The Committee will be asked to discuss and approve having a 2013 Liability Claims Audit performed by Risk Management Services, Inc.

pg. 03 **2. Executive Committee Rotation Schedule and Terms of Officers Discussion** **A 1**
The Committee will be asked to review and discuss the options of extending the terms of officers which will require a Notice of Intent to Amend the Bylaws.

I. ADJOURNMENT



UPCOMING MEETINGS

Police Risk Management Committee Meeting – November 2013

Executive Committee Meeting – November 14, 2013

Claims Committee Meeting – November 14, 2013

Board of Directors Meeting – December 12, 2013

Risk Management Committee Meeting – December 12, 2013

Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Johnny Yang at Alliant Insurance at (916) 643-2712.

The Agenda packet will be posted on the NCCSIF website at www.nccsif.org. Documents and material relating to an open session agenda item that are provided to the NCCSIF Executive Committee less than 72 hours prior to a regular meeting will be available for public inspection and copying at 1792 Tribute Road, Suite 450, Sacramento, CA 95815.

Access to some buildings and offices may require routine provisions of identification to building security. However, NCCSIF does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3



**Agenda Item D.1.
Executive Committee
October 17, 2013**

APPROVAL OF LIABILITY CLAIMS AUDIT WITH RISK MANAGEMENT SERVICES, INC.

ACTION ITEM

ISSUE: Every year NCCSIF conducts a claims audit for either Workers' Compensation or for Liability. This year NCCSIF is due to conduct a liability claims audit and the audit process is beginning later than usual. As a result, rather than go through a formal RFP process to select the auditor, staff has contacted the Claims Auditor for the past two audits and requested their availability and pricing for the performance of the audit this fall for presentation at the December Board of Directors meeting.

Kenneth Maiolini of RMS has advised that he is available to perform the audit within the requested timeline and by e-mail has provided a proposal with the timeline and pricing.

RECOMMENDATION: It is the recommendation of staff that the Executive Committee approve the completion of the Liability Claims Audit in accordance with the proposal submitted by RMS, Inc.

FISCAL IMPACT: \$5,625 (This is below the budgeted amount of \$7,000 for WC Claims Audit)

BACKGROUND: Every other year NCCSIF has a liability claims audit completed. Since 2009 that audit has been performed by RMS, Inc. RMS, Inc. has provided a proposal and timeline to complete the audit within our timelines this fall. The audit is completed prior to the end of the calendar year so that any reserve adjustments can be made prior to the December 31st loss run being sent to the actuary.

It is the responsibility of the NCCSIF Executive Committee to approve the purchase of services through third parties.

ATTACHMENT(S): E-mail proposal from Kenneth Maiolini from RMS, Inc.

Text of email from Ken Maiolini

Friday, October 11th, 2013 at 7:22 am

RE: NCCSIF Liability Claims Audit

Marylin,

Thank you for considering RMS to again conduct the NCCSIF audit..... I reviewed my file and can commit to completing the audit and the report by the end of November 2013. The audit would involve approximately 2 1/2 days on sight at the York Roseville offices, pre-audit interview, selection of files from a current loss run, an exit interview, verbal audit findings prior to your November 14th Executive Committee meeting, a written report and presentation to the NCCSIF Board on December 12th.

The all inclusive cost of the audit would be \$5,625. I hope this email will suffice as our proposal for the 2013 audit. As you know I am out of the office until Tuesday and wanted to get this information to you in time to post for your meeting with NCCSIF. Again, thank you for the opportunity to work with NCCSIF.

Kenneth R. Maiolini ARM - P



**Agenda Item D.2.
Executive Committee
October 17, 2013**

EXECUTIVE COMMITTEE ROTATION SCHEDULE AND TERMS OF OFFICERS DISCUSSION

ACTION ITEM

ISSUE: Staff was asked to research the possibility of extending the Executive Committee Officers which will require amending the NCCSIF Bylaws as well as updating the NCCSIF Executive Committee Rotation Schedule accordingly. NCCSIF is required to give a 30 day Notice of Intent to Amend the Bylaws should the organization wish to make any changes to the Executive Committee Terms of Officers.

RECOMMENDATION: It is the recommendation of staff that the Executive Committee approve the Notice of Intent to Amend the Bylaws.

FISCAL IMPACT: None.

BACKGROUND: As stated in Section 5 (Officers of Authority) in the NCCSIF Bylaws;

B. The President, Vice President and Secretary shall be elected by the Board of Directors and shall serve one (1) year terms. No officer shall serve for more than two (2) complete consecutive terms in his or her respective office. The terms of each office will ordinarily commence on January 1st of each calendar year, except that if an election has not been conducted by that date, the terms shall commence as soon as the election has been held. The terms of each office shall end on December 31st of the calendar year, except that if the election of the officers to serve the next succeeding term has not been conducted, the incumbent officers shall continue to hold their offices until the election has been conducted.

ATTACHMENT(S): NCCSIF Bylaws.

NCCSIF
BYLAWS

NCCSIF BYLAWS
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**BYLAWS
OF THE
NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
(RESTATED AS OF OCTOBER 5, 1999)
(AMENDED AS OF JUNE 16, 2000)**

PREAMBLE

These Bylaws are adopted pursuant to the "Joint Exercise of Powers Agreement of the Northern California Cities Self Insurance Fund (Restated as of October 5, 1999 ("the Agreement")). These Bylaws, supersede the Bylaws of the Northern California Cities Self Insurance Fund ("NCCSIF") which were adopted by a resolution of NCCSIF's Board of Directors on December 8, 1987, and which were subsequently amended as of April 22, 1988. Because of a contemporaneous restatement of the Agreement due to restructuring of the NCCSIF organization, the need to make additional amendments to NCCSIF's Bylaws and the desirability of incorporating all changes in a single instrument, NCCSIF's Bylaws are restated as of October 5, 1999.

**SECTION 1
The Authority**

A. - Name of Authority. The name of the Authority created by the Agreement shall be the Northern California Cities Self Insurance Fund (the "Authority").

B. - Office of Authority.

The principal office of the Authority shall be fixed and located at:

Alliant Insurance Services, Inc.
1792 Tribute Road, Ste 450
Sacramento, CA 95815

or at such other location as the Board of Directors may designate by resolution."

C. - Fiscal Year. The fiscal year for the Authority shall commence July 1 of each calendar year and end June 30 of the following calendar year.

**SECTION 2
Definitions**

A. "Agreement" shall mean the restated Joint Exercise of Powers Agreement creating the Northern California Cities Self Insurance Fund.

B. "Authority" shall mean the Northern California Cities Self Insurance Fund (sometimes also referred to in the Agreement as the "NCCSIF") created by and existing under the Agreement.

C. "Board of Directors" shall mean the principal governing body of the Authority.

D. "Bylaws" shall mean the adopted Bylaws of the Authority as amended and/or restated in their latest approved form.

E. "Deposit" shall mean all the components comprising the annual costs of each program including: banking fund deposits, Shared Risk Layer deposits, administrative costs, excess premiums, taxes and fees.

F. "Executive Committee" shall mean the Executive Committee of the Authority's Board of Directors.

G. "Coverage Program" shall mean any program of the Authority providing coverage against losses to Member Entities who are participants in the program whether the coverage is based upon purchased insurance, self-insurance, pooled funding or any other similar mechanism, instrument or facility.

H. "Member Entity" shall mean a city government which is party to the Agreement.

I. "Program Director" shall mean the individual or firm retained by the Board of Directors to administer the Authority.

SECTION 3

Meetings of the Board of Directors

A. A majority of the membership of the Board of Directors shall constitute a quorum for the transaction of business. Each member of the Board shall have one vote. Except as otherwise provided in these Bylaws or any other duly executed agreement of the members, action of the Board shall require the affirmative vote of a majority of the members present and voting.

B. The Board shall hold at least one regular meeting each year and shall provide for such other regular meetings and for such special meetings as it deems necessary.

C. The Secretary of the Authority shall provide for the keeping of minutes of regular and special meetings of the Board, and shall endeavor to provide a copy of the minutes to each member of the Board prior to the next scheduled meeting.

E. All meetings of the Board shall be called, noticed, held and conducted in accordance with the provisions of Ralph M. Brown Act (Government Code Section 54950 et seq.).

SECTION 4
Executive Committee

A. - Membership. The Executive Committee shall be composed of seven (7) *voting and two (2) non-voting* members of the Board of Directors or their alternates. The President, Vice President, immediate Past President and Secretary shall serve as *voting* members on the Executive Committee. The remaining three (3) *voting* members shall be elected by the Board of Directors on a member rotation basis, as established by the Board of Directors. The two (2) non-voting members shall be comprised of the Treasurer and the CJPRMA Board Representative. The President shall act as Chairman.

B. - Term. The terms of all members of the Executive Board shall be two (2) years, except for those of the President, Vice President, immediate Past President and Secretary, who shall all serve for one (1) year. A member may be reappointed to serve on the Executive Committee, except for the immediate Past President.

C. - Powers, Duties and Responsibilities.

1. The Executive Committee shall conduct, direct and supervise the day-to-day business of the Authority and in doing so shall exercise the powers expressly granted to it by the Agreement, these Bylaws and as otherwise delegated by the Board of Directors.

2. The following duties and responsibilities shall be assumed and carried out by the Executive Committee, which shall have all powers necessary for those purposes:

- a. Provide general supervision and direction to the Program Director;
- b. Authorize payment of claims against the Authority; provided, however, that with respect to claims arising under coverage programs operated by the Authority, claim settlement authority shall be in accordance with the policies and procedures governing the particular program;
- c. Enter into contracts, within budget limits;
- d. Make payments pursuant to previously authorized contracts, within budget limits; this Authority includes the power to authorize and reimburse expenses incurred for budgeted activities, within budget limits;
- e. Review and recommend a budget to the Board no later than seventy-two (72) hours prior to the spring meeting of the Board;
- f. Act as Program Director in the absence of the Program Director;

g. Recommend policies and procedures to the Board for implementation of the Agreement, the Bylaws and the operation of specific coverage programs; and

h. Appoint a nominating committee for each election of officers and members of the Executive Committee.

i. Amend annual budget in an amount not to exceed the contingency account.

3. Subject only to such limitations as are expressly stated in the Agreement, these Bylaws or a resolution of the Board of Directors, the Executive Committee shall have and be entitled to exercise all powers which may be reasonably implied from powers expressly granted and which are reasonably necessary to conduct, direct and supervise the business of the Authority.

D. - Meetings

1. Regular Meetings. Regular meetings shall be held at times, as the Executive Committee deems appropriate.

2. Special Meetings. Special meetings of the Executive Committee may be called by the Chairman or a majority of Executive Committee members, in accordance with the provisions of California Government Code Section 54956.

3. Public Meetings. All meetings of the Executive Committee shall be open to the public, except as provided by law.

4. Quorum. Four (4) members of the Executive Committee shall constitute a quorum for the transaction of business. Except as otherwise provided, no action may be taken by the Executive Committee except by affirmative vote of not less than a majority of those Executive Committee members present. A smaller number may adjourn a meeting.

5. Removal From Executive Committee. A member may be removed from the Executive Committee in the following ways:

a. Death of a Committee member;

b. Voluntary resignation;

c. Absence from three (3) consecutive meetings without a valid reason, in which case the Chair may recommend to the Executive Committee that member be terminated from Executive Committee membership. If the Executive Committee recommends to the Board of Directors that an Executive Committee member be terminated, the Board of Directors shall vote on the matter at its next regularly scheduled meeting.

d. When a vacancy occurs under the above provisions, a replacement

shall be made from among the Board of Directors.

SECTION 5

Officers of the Authority

A. The officers of the Authority shall be a President, Vice President, Secretary, and Treasurer Officers so appointed shall serve at the pleasure of the Board of Directors. The president shall chair meetings to the Board of Directors and Executive Committee; the vice president shall act in the place of the president in the president's absence. The secretary shall keep and maintain minutes of the Board meetings and Executive Committee meetings, or to direct the keeping and maintaining of such minutes, and to promptly report minutes of meetings to all members as soon as practicable after the meeting has concluded. The treasurer's duties are as described in Sections 11 and 12 of the Bylaws. Other responsibilities may be set forth by the Board of Directors.

B. The President, Vice President and Secretary shall be elected by the Board of Directors and shall serve one (1) year terms. No officer shall serve for more than two (2) complete consecutive terms in his or her respective office. The terms of each office will ordinarily commence on January 1st of each calendar year, except that if an election has not been conducted by that date, the terms shall commence as soon as the election has been held. The terms of each office shall end on December 31st of the calendar year, except that if the election of the officers to serve the next succeeding term has not been conducted, the incumbent officers shall continue to hold their offices until the election has been conducted.

C. The Treasurer shall be appointed by the Board of Directors and, unless the Board of Directors determines otherwise, the Treasurer shall serve at the Board of Directors' pleasure. The Treasurer shall be an officer or employee of a Member Entity or a Certified Public Accountant.

D. The Board of Directors may create such other offices and appoint such other officers as it deems necessary and advisable.

SECTION 6

Committees

Committees may be formed as necessary by either the Board of Directors or the Executive Committee for the purposes of overseeing any functions that the Board or Executive Committee has authority to control, such as, but not limited to, administration and policy direction, claims administration, investments, safety/loss control, etc.

SECTION 7

Program Director and Other Staff

A. The Board of Directors shall appoint a Program Director who shall be responsible for the general administration of the business and activities of the Authority as directed by the Executive Committee.

B. Subject to the direction of the Board of Directors, the Executive Committee shall provide for the appointment of such other staff of the Authority as may be necessary for the administration of the Authority. Supervision of staff is delegated to the Executive Committee.

C. The Program Director and other staff of the Authority shall have such powers, duties and obligations as are established by the Agreement, these Bylaws, the policies, procedures and rules promulgated by the Authority and any contractual arrangements which may exist between the Authority and the respective party.

D. Subject to any applicable contractual arrangement which may take precedence, the Program Director shall serve at the will and pleasure of the Board of Directors.

SECTION 8 Responsibilities of the Authority

The Authority shall perform the following functions in discharging its responsibilities under this agreement:

- A. Develop, implement and maintain coverage programs;
- B. Assist each Member Entity's designated risk manager with the risk management functions including: loss control, risk transfer, and employee safety programs.
- C. Provide loss prevention and safety services to the Member Entities;
- D. Provide claims adjusting and claims management services as required;
- E. Provide statistical reports to the Member Entities;
- F. Recommended standard contract clauses relating to indemnity, hold harmless, insurance and other similar matters affecting Members Entities; and
- G. Provide other services consistent with purposes of the Authority as may be deemed necessary, advisable and beneficial to the Member Entities.

SECTION 9 Insurance Coverage

The Authority shall maintain insurance coverage on its activities as determined by the Executive Committee to be necessary and adequate.

SECTION 10
Accounts and Records

A. Annual Budget - The Authority shall adopt an annual budget that shall include a separate budget for each separate coverage program under development or adopted and implemented by the Authority. The Executive Committee shall cause to be prepared, shall review and approve and shall recommend a proposed annual budget to the Board of Directors for its consideration. The recommended budget shall be submitted to the members of the Board of Directors not later than seventy-two (72) hours prior to the Board of Directors' spring meeting.

B. Funds and Accounts - As directed by the Executive Committee, the Treasurer of Authority shall establish and maintain such funds and accounts as may be required by law and generally accepted accounting principles. Separate accounts shall be established and maintained for each coverage program under development or adopted and implemented by the Authority. Books and records of the Authority in the hands of the Treasurer shall be open to inspection at all reasonable times by authorized representatives of Member Entities. A quarterly unaudited financial statement will be produced and distributed to all Member Entities. The Authority shall adhere to the standard of strict accountability for funds set forth in Government Code Section 6505 and Governmental Accounting Standards Board (GASB) Statement No. 10.

C. Treasurer's Report - The Treasurer, within one hundred and twenty (120) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each Member Entity.

D. Annual Audit - Pursuant to Government Code Section 6505, the Authority shall contract with an independent certified public accountant to make an annual fiscal year audit of all accounts and financial statements of the Authority, conforming in all respects with the requirements of that section. A report of the audit shall be filed as a public record with the County Auditor of each Member Entity within six (6) months of the end of the fiscal year under examination. Costs of the audit shall be considered a general expense of the Authority.

SECTION 11
Responsibilities for Funds and Property

A. The Treasurer shall have custody of and disburse the Authority's funds. The Treasurer may direct the activities of the accounting function.

B. Pursuant to Government Code Section 6505.5, the Treasurer shall:

1. Receive and acknowledge receipt for all funds of the Authority and place them in the treasury of the Treasurer to the credit of the Authority;

2. Be responsible upon his or her official bond for the safekeeping and disbursement of all Authority funds so held by him or her;

3. Pay any sums due from the Authority, as approved for payment by the Board of Directors or by any body or person to whom the Board has delegated approval authority, making such payments from Authority funds upon warrants drawn by the Treasurer and signed by persons designated in Section 20 of these Bylaws;

4. Verify and report in writing to the Authority and to Member Entities, as of the first day of each quarter of the fiscal year, the amount of money then held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

C. Pursuant to Government Code Section 6505.1, the Program Director, the Treasurer and such other persons as the Board of Directors may designate shall have charge of, handle and have access to the property of the Authority.

D. The Authority shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in form specified by the Board of Directors, covering the Treasurer and all other officers and staff of the Authority who are authorized to hold or disburse funds of the Authority, and all other officers and staff who are authorized to have charge of, handle, and have access to property of the Authority.

E. The Treasurer shall invest funds in accordance with the approved investment policy of the Authority.

SECTION 12

Development, Implementation and Funding of Coverage Program

A. Program Coverage - The Authority may develop and implement Coverage Programs, which the Authority deems necessary, advisable and beneficial to Member Entities. Subject to any Coverage Program's applicable underwriting rules and other qualifying conditions, each Member Entity shall be eligible to apply for membership and participation in any Coverage Program conducted by the Authority.

B. Coverage Program and Authority Funding - The Member Entities developing or participating in a Coverage Program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting the Authority, hereinafter called Authority general expenses, shall be equitably allocated among the various programs and shall be funded by the Member Entities developing or participating in such programs in accordance with such allocations, as hereinafter provided.

1. Development Charge. Development cost of a coverage program shall be funded by a development charge as fixed by the Executive Committee. The development charge shall be paid by each Member Entity which wishes to join in development of the program, after receipt of information as estimated on the cost and scope of the program and thereby reserve the option to participate in the program following its adoption by the Board of Directors. Development costs are those costs incurred by the Authority in developing a coverage program for review and adoption by the Board of Directors, including but not limited to: research, feasibility studies,

information and liaison work among Entities, preparation and review of documents, and actuarial and risk management consulting services. The development charge may also include an equitable share of Authority general expenses incurred in the development functions. Upon the conclusion of program development: any deficiency in development funds shall be billed to all Member Entities which have paid the development charge, on a pro-rata or other equitable basis, as determined by the Executive Committee; and any surplus in such funds shall be transferred into the loss reserve fund for the program, or, if the program is not implemented, into the Authority's general fund. Future Members may be charged a Fee for development as part of the Entry Fee determined by the Executive Committee.

2. Deposits. Except as provided in Item 3 below, all post development costs of a Coverage Program shall be funded by annual deposits charged to the Member Entities participating in the Coverage Program each policy year, and by interest earnings on the fund so accumulated. Deposits shall be determined annually by the Executive Committee and based upon policy and procedures developed by the Authority with the assistance of an actuary at least every other year, and risk management consultant or other qualified person. The deposit for each participating Member Entity shall include the Member Entity's share of expense program losses, program excess insurance or reinsurance costs, and program administrative costs for the year plus that Member Entity's share of Authority general expense allocated to the program. Deposits shall be billed by the Authority at the beginning of each policy year and shall be payable as set forth in Section 22 of these Bylaws. Any deficiency or surplus in the deposit paid by a participating Entity shall be adjusted pursuant to policy and procedures adopted by the Authority.

3. Assessability. For any program year, the Board of Directors may impose assessments on the program members for that year which, in total amount, will assure adequate funds to the Authority for the payment of all losses.

This applies whether a member has subsequently withdrawn or been expelled from the Authority.

SECTION 13 New Members

A city which is not a Member Entity may become a party to the Agreement only upon approval of two-thirds (2/3) of the Board of Directors and by paying an appropriate entry fee or charge as established by the Executive Committee. The Board of Directors may condition its approval upon the proposed new member's ability to satisfy the underwriting criteria and other qualifying conditions which may then be in effect for any coverage program in which the proposed new Member Entity wishes to participate. The Board may prorate deposits and/or the coverage period for entities entering any coverage program at other than the beginning of the Authority's program year.

SECTION 14
Withdrawal

A. An Entity which enters any coverage program shall not withdraw from that program or as a party to the Agreement or the Authority for a three-year period commencing with its entrance into said program.

B. After the initial three (3) year noncancellable commitment to any coverage program, a Member Entity may withdraw only at the end of the Program Year, provided it has given the Authority a six (6) month written notice of its intent to withdraw from the program. The written notice of its intent to withdraw from the program is non-revocable.”

C. Any member Entity which withdraws as a participant of any coverage program pursuant to item B of this Section shall not be reconsidered for participation in the program until the expiration of three (3) years from the Member Entity's withdrawal.

SECTION 15
Termination and Distribution

A. This Agreement may be terminated by the written consent of three-fourths (3/4) of the Member Entities; provided, however, that the Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of assets and any other functions necessary to wind up the affairs of the Authority.

B. Upon termination of the Agreement, all assets of the Authority shall be distributed only among the parties which have been participants in its Coverage Programs, including any of those parties which previously withdrew pursuant to Section 15 of these Bylaws and in accordance with the terms and conditions of these Bylaws. Distribution will be made within six (6) months after the last pending claims or covered loss subject to the Agreement has been finally resolved and will be in proportion to the contributions made.

C. The Board is vested with all powers of the Authority for the purpose of concluding and dissolving the business affairs of the Authority. These powers shall include the power to require Member Entities, including those which were program participants at the time the claims arose or at the time the covered loss was incurred, to pay their share of any cash assessment deemed necessary by the Board for final disposition of all such claims and covered losses subject to the Agreement.

SECTION 16
Effect of Withdrawal or Termination

A. The expulsion or withdrawal of any member Entity after the inception of its participation in any coverage program shall not terminate its responsibility to:

1. Cooperate fully with the Authority in determining the cause of losses and in the settlement of claims, as defined in the coverage Agreement;
2. Pay any Deposit increases or assessments determined by the Board to be due and payable for each coverage program to which it participated;
3. Provide the Authority with such statistical and loss experience data and other information as may be necessary for the Authority to carry out the purposes of the Agreement; and
4. Cooperate with and assist the Authority and any insurer, claims adjuster or legal counsel retained by the Authority, in all matters relating to the Agreement.

Withdrawal of a member shall not be considered as a completion of the purpose of this agreement and shall not require the repayment or return to the withdrawing member agency of all or any part of any contributions, payments or advances made by the parties unless the agreement is rescinded or terminated as to all parties; however, when funds earmarked for program years in which the member agency participated are returned, the member will be entitled to its pro rata share (as determined by the Board of Directors) for its years of participation.

SECTION 17

Claims Administration

- A. All claims shall be reported to the Claims Administrator in accordance with the Coverage Program claims reporting procedures.
- B. All claims with potential penetration into the risk sharing portion of the Authority's programs will be presented to the Board (or claims committee) by the Claims Administrator and updates provided at regularly scheduled Board (or committee) meetings. The Authority has the right and power to direct the adjustment and settlement of a claim(s) penetrating the risk sharing layer which in the opinion of the Board or Claims Committee, have a reasonable probability of penetrating the risk sharing layer.
- C. All claims with potential penetration into any excess coverage joint powers authority or excess insurance carrier shall be reported in accordance with their guidelines.
- D. Claims administration shall be audited at least every other year.
- E. Member entities shall be responsible to maintain the confidentiality of any records which are privileged from disclosure under California law. This shall include taking reasonable steps to prevent the inadvertent disclosure of confidential records.

SECTION 18

Budget

The budget shall be presented at the spring meeting and adopted by the Board on or before June 30 of each year and shall separately show the following:

- A. General and administrative costs;
- B. Loss Control/Risk Management costs;
- C. Deposits, projected interest income, and other income; and
- D. The estimated claims and allocated claims adjustment expense.

SECTION 19

Disbursement of Funds

All disbursements under \$5,000 shall have approval and signature of the Treasurer, or the President in the Treasurer's absence. All disbursements over \$5,000 shall require two (2) of the four (4) officers' signatures. A register of all checks issued since the last Board meeting shall be provided as a part of the Treasurer's report at the subsequent Board meeting and approved by the Board.

The Workers Compensation Claims Administrator shall have the responsibility and authority to issue checks from the Authority's trust account in satisfaction of legal requirements to pay benefits to industrially injured workers of the member cities. The Administrator will issue checks for state mandated benefits including Indemnity, Medical, Rehabilitation and Expense categories. For checks below \$5,000, one authorized signature or stamp from the administrator is required. For checks above \$5,000, two signatures are required.

The Liability Claims Administrator shall have the responsibility and authority to issue checks from the Authority's trust account to pay liability claims and defense costs as agreed upon and approved by the Member City and/or the Claims Committee, as appropriate. For checks below \$5,000, one authorized signature or stamp from the administrator is required. For checks above \$5,000, two signatures are required.

SECTION 20

Separation of Programs

Each coverage program of the Authority shall be autonomous. Members shall participate only in the coverage programs so authorized by City Council resolution.

SECTION 21

Program Deposits

Program deposits shall be sufficient to cover the budget for each fiscal year of the program. Program deposits for each fiscal year shall be calculated according to the deposit calculation formulas adopted by the Board.

Deposits are due and payable immediately upon commencement of the Liability Plan year and quarterly for the Workers' Compensation Plan. Deposits are considered delinquent if not received by the Treasurer within thirty (30) days.

SECTION 22

Program Year Adjustments

Prior to the beginning of each program year, adjustments shall be calculated in accordance with the policy and procedure adopted by the Board of Directors.

SECTION 23

Coverage Documents

Each Member Entity participating in a coverage program of the Authority shall be provided with either a Memorandum of Coverage or an insurance policy, as the case may be, which shall describe in detail the nature of the applicable coverage, including dollar amounts, together with any deductibles, exclusions, limitations or other provisions of the coverage.

SECTION 24

Amendments

A. These Bylaws may be amended by a two-thirds vote of the Board of Directors present and voting at a regular meeting provided that any amendment is compatible with the purposes of the Authority, is not in conflict with the Agreement and has been submitted to the Board at least 30 days in advance. Any such amendment shall be effective immediately, unless otherwise designated.