

SHASTA-TRINITY SCHOOLS INSURANCE GROUP
JOINT POWER AUTHORITY

JOINT POWERS AGREEMENT
and
BYLAWS

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Effective 1 December 1986
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JOINT POWERS AGREEMENT
To Establish, Operate and Maintain
Insurance Programs

THIS AGREEMENT is entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (sections 6500, et seq.) of the California Government Code, relating to the joint exercise of powers, between the public educational agencies of Shasta-Trinity signatory hereto, and also those who may hereafter become signatory hereto, for the purpose of operating an agency to be known and designated as SHASTA-TRINITY SCHOOLS INSURANCE GROUP, hereinafter designated as "STSIG" or the "Authority."

Witnesseth:

WHEREAS, it is to the mutual benefit of the parties herein subscribed and in the best public interest of said parties to join together to establish this Joint Powers Agreement to accomplish the purposes hereinafter set forth; and

WHEREAS, the development, organization and implementation of such an Authority is of such magnitude that it is desirable for aforesaid parties to join together in this Joint Powers Agreement in order to accomplish the purposes hereinafter set forth; and

WHEREAS, the signatories hereto have determined that there is a need, by public educational agencies, for a Joint Powers Insurance Authority; and

WHEREAS, Title 1, Division 7, Chapter 5, Article 1, of the California Government Code authorizes joint exercise by two or more public agencies of any power common to them; and

WHEREAS, it is the desire of the signatories hereto to jointly provide insurance coverage for their mutual advantage and concern.

NOW, THEREFORE, for and in consideration of the mutual advantages to be derived therefrom, and in consideration of the execution of this Agreement by other public educational agencies, each of the parties hereto does agree as follows:

1. CREATION OF THE JOINT POWERS ENTITY

A Joint Powers Entity, separate and apart from the public educational agencies signatory hereto, shall be and is hereby created and shall hereafter be designated as the "SHASTA-TRINITY SCHOOLS INSURANCE GROUP" (hereinafter referred to as "STSIG" or the "Authority").

2. FUNCTIONS OF THE AUTHORITY

(a) The Authority is established for the purposes of administering this Agreement, pursuant to the Joint Powers provisions of the California Government Code, and of providing the services and other items necessary and appropriate for the establishment, operation and maintenance of insurance coverage for its members.

(b) The functions of the Authority are:

(1) To provide group purchasing of fully-insured plans and/or self-insurance programs and a system for Workers' Compensation and other forms of insurance coverage for the members of the Authority and as such, to perform, or contract for the performance of, the financial administration, policy formulation, claim service, legal representation, safety engineering and other developments as necessary for the payment and handling of all insurance claims against members. Said payment and handling for any member shall be for all claims files under the laws of the State of California arising out of facts occurring during the period of membership in the Authority. STSIG shall not pay or handle for a member any claims which arise out of facts occurring before membership in this Authority.

(2) To provide industrially-injured employees of the members all benefits required under the Workers' Compensation laws.

(3) To pursue any member's right of subrogation against a third party when in the discretion of the Board of Directors the same is appropriate. Any and all proceeds resulting therefrom shall inure to the benefit of and shall be deposited with the funds of the Authority.

(4) To provide and administer any forms of insurance for its members.

3. POWERS OF AUTHORITY

The Authority shall have the power and authority to exercise any power common to the public educational agencies which are parties to this Agreement, provided that the same are in furtherance of the functions and objectives of this Agreement, as herein set forth. Pursuant to Section 6509 of the California Government Code, the exercise of the aforesaid powers of the Authority shall be subject to the restrictions upon the manner of exercising such powers by a public educational agency.

4. TERM OF AGREEMENT

This Agreement shall become effective on 1 October 1980, except that the self-funded plan for Workers' Compensation claims against members of the Authority shall become operative at 12:01 a.m. on 1 October 1980. This Agreement shall continue in effect until lawfully terminated as provided herein and in the Bylaws. In the event of a reorganization of one or more of the public educational agencies participating in this Agreement, the successor in interest or successors in interest to the obligations of any such reorganized public education agency may be substituted as a party or as parties to this Agreement.

5. BYLAWS

(a) The Authority shall be governed pursuant to those certain Bylaws, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference, and by such amendments to the Bylaws as may from time to time be adopted. Wherever in this Agreement "Bylaws" are referred to, said Bylaws shall be those set forth in Exhibit "A," as may be amended. Each party to this Agreement agrees to comply with and be bound by the provisions of said Bylaws and further agrees that the Authority shall be operated pursuant to this Agreement and said Bylaws.

(b) Procedures for amending the Bylaws shall be as provided in the Bylaws so long as not inconsistent with this Agreement. All amendments must be approved by majority vote of the *parties* to this Agreement before the amendment shall become effective. Such amendments shall be binding upon all members of the Authority. The effective date of any amendment will be on July 1st following adoption, unless otherwise stated.

6. MEMBERSHIP IN THE AUTHORITY

(a) Each party to this Agreement must be eligible for members in the Authority as defined in the Bylaws and shall become a member of the Authority. Each party which becomes a member of the Authority shall be entitled to the rights and privileges of, and shall be subject to the obligations of, membership as provided in this Agreement and in the Bylaws.

(b) Upon the recommendation of the Executive Committee and subsequent approval of one-fourth (1/4) of the agencies then members of the Authority, any School District, Community College District, County Superintendent of Schools, Board of Education, Regional Occupation Center or Program, or other public educational agency that is not a party hereto but that desires to join the Authority created hereby may become a member hereof by executing a copy of this Agreement whereby said School District, Community College District, County Superintendent of Schools, Board of Education, Regional Occupational Center or Program, or other public educational agency agrees to comply with the terms of this Agreement and of the Bylaws effective as of the date of such execution, at rates and conditions as set by the Board upon the recommendation of the Executive Committee.

7. DISPOSITION OF PROPERTY AND FUNDS

(a) In the event of the dissolution of the Authority, the complete recision, or other final termination of this Agreement by all public educational agencies then a party hereto, any property interest remaining in the Authority following a discharge of all obligations shall be disposed of as provided for in the Bylaws.

(b) In the event a member withdraws from this Agreement, any property interest of that member remaining in the Authority following discharge of all obligations attributable to that member and its officers and employees shall be disposed of as provided in the Bylaws.

(c) "Obligations," as referred to herein, shall include, but not be limited to, all payments required together with all reserves which have been established for the purpose of paying

claims together with any other legal obligations incurred by the Authority pursuant to this Agreement.

8. AMENDMENTS

This Agreement may be amended by majority vote of the parties to this Agreement. Such amendment shall be binding upon all parties to this Agreement.

9. SEVERABILITY

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

10. LIABILITY

(a) Pursuant to the provisions of Section 895, et seq., of the California Government Code, the members are jointly and severally liable upon any one of the members or upon the Authority for injury caused by negligent or wrongful act or omission occurring in the performance of this Agreement. If a member or the Authority is held liable upon judgement for damages caused by such act or omission in excess of its prorata share, such member or the Authority is entitled to contribution from each of the other members that are parties to the Agreement. A member's prorata share shall be determined in the same manner as for the disposition of property and funds as provided in the Agreement and the Bylaws.

(b) The Authority shall insure itself, to the extent deemed necessary by the Board of Directors, against loss, liability and claims arising out of or connected with this Agreement.

11. ENFORCEMENT

The Authority is hereby given authority to enforce this Agreement. In the event suit is brought upon this Agreement by the Authority and judgement is recovered against a member, the member shall pay all costs incurred by the Authority, including reasonable attorney's fees as fixed by the Court.

12. DEFINITIONS

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

(a) "Authority" shall mean the Shasta-Trinity Schools Insurance Group created by this Agreement.

(b) "Board of Directors" shall mean the governing board of the Authority established by the Bylaws to direct and control the Authority.

(c) "Claims Adjuster" shall mean a claims adjuster as may be engaged by the Board of Directors for the purpose of determining losses and payments with respect to the Claim Fund.

(d) "Contribution" shall mean money, including, but not limited to, deposit premiums and special assessments paid by a member to the Authority.

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

(f) "Executive Committee" shall mean the committee which is elected by the Board of Directors, pursuant to the Bylaws, to perform various duties delegated to it by the Board of Directors.

(g) "Loss Reports" shall mean a report showing a member's claims in detail including current status.

(h) "Member" shall mean an individual School District, Community College District, Regional Occupational Center or Program, or the County Board of Education or Superintendent of Schools, which belongs to the Shasta-Trinity Schools Insurance Group.

(i) "Public Educational Agency" shall mean a School District, Community College District, Regional Occupational Center or Program, or County Board of Education or Superintendent of Schools.

(j) "Reserves" shall mean that part of the member's contribution held by the Authority to make future payments as respects claims that have been incurred but are unpaid.

(k) "Self-funded" (permissively uninsured) shall mean setting aside funds to pay for losses not covered by insurance.

EXHIBIT "A"

BYLAWS

SHASTA-TRINITY SCHOOLS INSURANCE GROUP

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EXHIBIT "A"

BYLAWS

SHASTA-TRINITY SCHOOLS INSURANCE GROUP

PREAMBLE

The Shasta-Trinity Schools Insurance Group ("Authority" or "STSIG") is established for the purpose of providing the services and other items necessary and appropriate for the establishment, operation, and maintenance of insurance programs for its members.

ARTICLE I

FUNCTIONS

The functions of the Authority are:

- A. To enter into contracts.
- B. To establish and collect member contributions for each program.
- C. To purchase insurance coverage deemed necessary by the Board of Directors for various insurance programs.
- D. To acquire, hold and dispose of property, real and personal, all for the purpose of providing the membership with the necessary education, study, development and implementation of group purchasing of fully-insured and/or self-insurance programs including, but not limited to, the acquisition of facilities and equipment necessary, the employment of personnel, and the operation and maintenance of a system for the handling of the group purchased fully-insured and/or self-insurance programs.
- E. To incur debts, liabilities, and obligations necessary to accomplish the purposes of the Authority.
- F. To receive gifts, contributions, and donations of property, funds, services, or other forms of assistance from persons, firms, and corporations, associations, and any governmental entity.
- G. To invest surplus reserve funds as deemed appropriate by the Board of Directors.
- H. To provide a forum for discussion, study, development, and implementation of any form of insurance.

- I. To sue and be sued in the name of the Authority.
- J. To adopt such rules and regulations as necessary to operate the Authority.
- K. To perform such other functions as may be necessary or appropriate to carry out the purposes of the Authority, so long as such other functions so performed are not prohibited by any provision of law.

ARTICLE II

MEMBERSHIP

A. All public educational agencies are eligible for membership in the Authority as provided herein:

- 1. Upon completion of application for membership,
- 2. Upon submission of application to the STSIG President,
- 3. Upon review of the application which shall be conducted by the Executive Committee,
- 4. Applicant District must provide such evidence of insurability or other information as may be required by the Authority,
- 5. Upon the Executive Committee's recommendation to the Board of Directors, and
- 6. Upon approval of one-fourth (1/4) of the Board of Directors.

B. Should any member reorganize in accordance with state statues, the successor-in-interest or successors-in-interest to the obligation of any such member may be eligible for membership.

C. Membership in the Authority shall be for a twelve (12) month period from the effective date of membership for each program in which each member is enrolled. Termination of membership is subject to the terms and conditions of Article XII of these Bylaws.

D. Once a member in the Authority, enrollment in any of the programs offered by the Authority shall be conducted as follows:

- 1. Completion of application for enrollment,
- 2. Submission of application to the STSIG President, Treasurer, and Consultant Executive Director,

3. Review of the application which shall be conducted by the Executive Committee,
4. Applicant District must provide such evidence of insurability or other information as may be required by the Authority,
5. Approval of the Executive Committee, and
6. Will become effective the first of the month following the necessary implementation timelines as noted:
 - Workers' Compensation - 90 days
 - ~~Property Damage and General Liability—90 days~~
 - Health & Welfare: Health - 45 days
 - Dental - 30 days
 - Vision - 30 days

ARTICLE III

BOARD OF DIRECTORS

- A. A Board of Directors is hereby established to direct and control the Authority.
- B. Each member of the Authority shall be entitled to appoint to the Board of Directors one representative and one alternate who shall be designated in writing. Said representative and said alternate must be employees of the member and shall serve at the pleasure of the member by whom appointed. Only the designated representative or designated alternate may represent a member, and each shall be invited to attend all meetings of the Board of Directors. The designated representative and designated alternate may invite members of their agencies' staffs or consultants to attend meetings of the Board of Directors in an advisory capacity only.
- C. Each member shall have one vote, which may be cast only by the designated representative or by the designated alternate. No proxy votes shall be permitted. Except as otherwise provided in these Bylaws, action taken shall be determined by a majority vote of the members at a meeting, but not less than eleven (11) ayes, provided that a quorum is present.
- D. The Board of Directors may conduct regular, adjourned regular, special, and adjourned special meetings, provided, however, that it will hold at least one regular meeting annually. The date, time, and place for such regular meeting shall be fixed by resolution of the

Board of Directors, which resolution shall be publicly posted prior to the meeting on a public bulletin board to be designated by the Board of Directors and shall be filed with each member of the Authority. All meetings of the Board of Directors shall be called, held, and conducted in accordance with the terms and provisions of Sections 54950, et seq., of the California Government Code, as said Chapter may be modified by subsequent legislation, and as the same may be augmented by rules of the Board of Directors not inconsistent therewith. Except as otherwise provided or permitted by law, all meetings of the Board of Directors shall be open and public. The Board of Directors shall be open and public. The Board of Directors shall cause to be kept minutes of its meetings, and shall promptly transmit to the members of the Authority true and correct copies of the minutes of such meetings.

E. The Board of Directors, by resolution, shall designate a specific location at which it will receive notices, correspondence, and other communications, and shall designate one of its members as an officer for the purpose of receiving service on behalf of the Board of Directors. The Board of Directors shall comply with the provisions of Sections 6503.5 and 53051 of the Government Code requiring the filing of a statement with the Secretary of State and with the County Clerk.

F. The Board of Directors may appoint and dissolve working committees from its active membership or by contracting for services of others in keeping with the Joint Powers Agreement and these Bylaws.

G. The Board of Directors shall determine contribution rates and the method by which contributions will be paid to the appropriate fund. The Board of Directors shall also provide for additional assessments during the year, if necessary or appropriate, to allow for increased costs and expenses as may occur. The Board of Directors shall insure that a complete and accurate system of accounting of the funds shall be maintained at all times consistent with established auditing standards and accounting procedures.

H. The Board of Directors shall elect an Executive Committee as hereinafter provided by these Bylaws.

I. The Board of Directors shall determine procedures as necessary for administering any form of insurance.

J. The Board of Directors may employ an Executive Director to administer the Programs and Operations of the Authority. The Executive Director shall be the Chief Executive Officer and shall have general supervision and direction of the Authority's business subject to oversight by the Executive Committee and the Board of Directors. The Executive Director shall be the Board of Directors' designee as Secretary at all meetings. In that capacity, the Executive Director shall record all votes and the minutes of all proceedings in a book to be kept for that purpose; shall give, or cause to be given, notice of all meetings of the Board of Directors and of the Executive Committee, as required by law; and shall do such other duties as may be prescribed from time to time by the Board of Directors, the Executive Committee, or the President of the JPA.

ARTICLE IV

RULES OF THE BOARD OF DIRECTORS

A. The Board of Directors may establish rules governing its own conduct and procedure, and have such expressed or implied authority as is not inconsistent with or contrary to the laws of the State of California, these Bylaws, or the Joint Powers Agreement.

B. A quorum for the transaction of business by the Board of Directors shall consist of fifteen (15) of the active members of the Authority then in current status.

C. No one serving on the Board of Directors shall receive any salary from the Authority.

ARTICLE V

OFFICERS

A. The officers of the Authority (and the Executive Committee) shall be elected by the Board of Directors. The principal officers shall be a President, a Vice President, a Secretary, and a Treasurer, and each shall serve a term of office as may be established by the Board of Directors in its rules. Each officer shall be a member of the Executive Committee established by these Bylaws. Any person elected or appointed as an officer may be removed at any time, with or without cause, and all vacancies however arising may be filled at any time by the affirmative vote of a majority of the Board of Directors.

B. The President shall be responsible for the direction of the business of the Authority, shall see that all orders and resolutions of the Board of Directors are carried into effect, and shall be

a member of all committees appointed by the Board of Directors. The President shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors.

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

D. The Executive Director shall be the Board of Directors' designee as Secretary at all meetings per Article III, Section J.

E. Pursuant to Government Code Section 6505.6, the chief financial officer of the Authority shall be the Treasurer who shall assume the duties described in Government Code Section 6505.5, as hereinafter amended, as follows:

1. Receive and receipt for all monies of the Authority and place them in the Authority's Treasury, which shall be a commercial bank(s) authorized by the Executive Committee or Board of Directors, to the credit of the Authority.
2. Execute on behalf of the Authority all Contracts for Deposit of Monies as required by Government Code Sections 53630 et seq., as hereinafter amended.
3. Be responsible for the safekeeping and disbursement of all monies of the Authority held by him/her.
4. Pay, when due, out of monies of the Authority so held by him/her, all sums payable by the Authority only upon warrants authorized by him/her and drawn by the Executive Director or his/her authorized representatives.
5. Verify and report in writing in July, October, January, and April of each year to the Board of Directors all assets, liabilities, amounts received, and amounts paid out for all funds held by the Authority.
6. Cause to be conducted an independent audit annually as required by Government Code Section 6505. (See Article IX, Paragraph C).

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

ARTICLE VI

EXECUTIVE COMMITTEE

A. The Board of Directors shall elect an Executive Committee of nine (9) members as follows:

1. The officers of the Board of Directors shall be elected by the Board of Directors from the members of the Executive Committee and shall serve terms of office as elected.
2. The members of the Executive Committee shall be elected by a vote of the Board of Directors to serve terms of office as may be established by the Board of Directors in its rules.
3. The Executive Committee shall be elected from districts of the following classification:

<u>Number of Seats by Classification</u>	<u>Classification</u>
2	County Office of Education
1	High School District
1	Community College District
1	Unified School District
1	Elementary School District over 900 ADA
1	Elementary School District between 301 and 899 ADA
1	Elementary School District below 300 ADA
<u>1</u>	At Large Member
9	Total

4. The members of the Executive Committee may be removed by the Board of Directors at any time, with or without cause, and all vacancies however arising may be filled by JPA Presidential appointment if there is less than one year remaining on the term of the member, or will be filled by appointment of the full Board where more than one year remains on the term of the member.

B. The Executive Committee shall be responsible for the ongoing operation of the Authority and is hereby empowered to implement and enforce rules, regulations, and procedures as the Board of Directors may adopt.

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

D. The Executive Committee may conduct regular, adjourned regular, and adjourned special meetings, provided, however, that it shall hold at least one regular meeting in each quarter. The date, time, and place upon which such regular meeting shall be held shall be fixed by the Executive Committee, publicly posted prior to the meeting on a public bulletin board to be designated by the Executive Committee, and filed with each member of the Authority. All meetings of the Executive Committee shall be called, held, and conducted in accordance with the terms and provisions of Open Meeting Laws.

E. The presence of a majority of the members of the Executive Committee shall constitute a quorum, except that less than a quorum may adjourn. A vote of five (5) members of the Executive Committee shall be necessary to constitute action and to transact business.

ARTICLE VII

ADMINISTRATION

A. The Board of Directors shall provide direction for the administration of the Authority to the Executive Committee and Executive Director.

B. The Board of Directors shall have the authority to carry out all functions of the Authority, including, but not limited to, functions listed in Article I, and maintain at all times a complete and accurate system of accounting for said funds.

C. The Board of Directors shall review the recommendations of the Executive Committee and where said recommendations, in its judgment, are legal and in the best interest of the Authority, implement the recommendations.

D. The Board of Directors shall provide, or cause to be provided, each member with an annual report of the financial condition of the Authority.

E. The Board of Directors shall annually adopt a budget showing each of the purposes for which the Authority will need monies and the estimated amount of monies that will be needed for each such purpose for the ensuing fiscal year. A copy of the budget shall be transmitted to each of the participating members.

F. The Board of Directors shall have the power, authority, and duty to handle all aspects of claims against members of the Authority arising out of facts occurring during membership. All expenditures of funds shall be authorized by the Board of Directors or Executive Committee.

G. The Board of Directors upon determination of the Executive Director and approval of the Executive Committee may, from time to time, refund to the certified eligible members in the form of a dividend any available funds which are determined by the Executive Committee to be unnecessary for purposes of the Authority.

ARTICLE VIII

FINANCE

A. The Authority shall operate on a fiscal year from July 1 to June 30.

B. Workers' Compensation Program:

1. For the first three (3) years of participation in the Workers' Compensation Insurance Program, each member shall pay the then current manual rate for schools in conjunction with the member's current experience factor, after which time:

2. Each member participating in the Workers' Compensation Program shall pool contributions calculated by using the latest experience modification factor and the manual rate as determined by the Board of Directors. Contribution payments shall be made monthly based on actual monthly payroll. The monthly contributions are due and owing on the twelfth (12th) day of each month, after which such contributions shall be delinquent.

All contributions are due in the Shasta-Trinity Schools Insurance Group Office no later than the twelfth (12th) day of each month. Contributions received after the twelfth (12th) day shall be deemed delinquent. Delinquent contributions shall accrue a late charge at the rate of twelve percent (12%) per annum from and after 15 days from the due date.

The member contributions shall be adjusted to the actual annual payroll following the close of the fiscal year, and payment shall be made by, or credit toward the contribution for the following fiscal year given to each of the parties hereto as appropriate.

3. Any additional benefits recovered through judgment or settlement against a member of the Authority of the type which State Compensation Insurance Fund would not insure against, including, but not limited to, any additional benefits granted pursuant to Labor Code Sections 132 (a), 4553, and 4557, shall be assessed directly against and be the sole liability of the member involved. The Authority shall assume the responsibility for defending all alleged violations of said Labor Code Sections or other claims for penalties or additional benefits and shall appoint the defense counsel. All costs and fees for member appointed counsel shall be the sole responsibility of the member.

4. It is agreed by and between the members, that any member who hires an individual as an independent contractor who is later found by the Worker's Compensation Appeals Board (Judge) to be an employee, that member shall be responsible for all previous premium payments not paid for that position because of the perceived independent contractor status. Failure to enforce this provision in any specific instance of breach will not invalidate this provision.

The JPA will provide the membership with annual forms upon closure of the books to report the amounts paid to unlicensed independent contractors for premium payments and will become effective 1 July 1989.

~~C. Property Damage and General Liability Insurance Program:~~

~~1. Each participating member in the Property/Liability Insurance Program shall make an annual pool contribution which shall include each member's prorata share of the excess insurance premiums, each member's prorata share of claims administration costs, each member's share of sixty percent (60%) of the total dollars paid on claims closed in the prior year, forty percent (40%) of the member's own total paid on the claims closed in the prior year, and the prorata share of~~

~~any additional funds added to the Authority surplus as is determined by the Authority. Payments shall be made in July of each year.~~

~~2. Each member of the Property Damage and Liability Insurance Program shall pay their annual premium as determined by the Board of Directors. That payment will then be distributed to the appropriate broker/insurance carrier.~~

DC. Health & Welfare Programs:

1. Each member participating in the medical, dental, or vision benefit programs shall pay a monthly contribution as determined by the Board of Directors. The monthly contribution is due and owing on the twelfth (12th) day of each month, after which such contribution shall be delinquent. The contribution is due in the Shasta-Trinity Schools Insurance Group Office no later than the twelfth (12th) day of each month. Contributions received after the twelfth (12th) day shall be deemed delinquent. Delinquent contributions shall accrue a late charge at the rate of 12% per annum from and after 15 days from the due date.

Participating districts are responsible for enrolling plan members in accordance with the controlling eligibility requirements. Should a participating district enroll a member in a plan for which the member is not eligible, the district shall terminate such enrollment immediately upon notification by the JPA or a JPA agent. At that time, the participating district may enroll the member in a JPA plan for which the member is eligible. Should the member's eligible contribution rate exceed the ineligible rate previously paid, the district shall pay to the JPA such rate differential up to a maximum of 3 years of any such period of ineligible enrollment. Such payment shall be due and owing on the 12th day following the JPA's billing, and shall accrue a late charge at 12% per annum from and after such date.

E. Late Charges:

The Executive Committee shall have the authority to adjust the late charge rate. The Executive Director and/or Executive Committee may waive late charges under extenuating circumstances.

ARTICLE IX

ACCOUNTS AND RECORDS

A. The Executive Committee or Board of Directors shall designate a commercial bank(s) to serve as depository of the Authority.

B. The Authority is strictly accountable for all funds received and dispersed by it and, to that end, the Authority shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of law or any resolution of the Authority. Books and records of the Authority in the hands of the Treasurer shall be open to inspection at all reasonable times by representatives of the members. The Authority, as soon as practical after the close of each fiscal year, shall give, or cause to be given, a complete written report of all financial activities for such fiscal year to each member of the Board of Directors and to the Chief Administrative Officer of each member of the Authority.

C. The Executive Committee or Board of Directors shall make, or contract with a Certified Public Accountant to make, an annual audit of the accounts, records, and financial affairs of the Authority. In each case, the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 6505 of the California Government Code, and shall conform to generally accepted auditing standards and accounting principles. When such an audit of accounts and reports is made by the Certified Public Accountant, a report thereof shall be filed as a public record with each of the members of the Authority and also with the Treasurer/Auditor-Controller. Such reports shall be filed within twelve (12) months of the end of the fiscal year under examination. Any costs of the audit, including contracts with or employment of Certified Public Accountants in making the audit(s) unencumbered funds of the Authority available for that purpose.

D. The Executive Director or his/her authorized representatives shall draw warrants to pay demands against the Authority when such demands have been duly presented by the Treasurer.

ARTICLE X

RISK MANAGEMENT

The Board of Directors of the Authority shall develop suggested guidelines of risk management practices. Each of the members hereby agrees to consider the implementation in its agency of the guideline of risk management practices developed by the Board of Directors.

ARTICLE XI

INVOLUNTARY TERMINATION

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

1. Failure or refusal to abide by an amendment which has been adopted by the Board of Directors as provided in the Agreement or these Bylaws.
2. Failure or refusal to pay contributions to the Authority as required.
3. Persistent failure or refusal to follow positive risk management practices.

B. Such involuntary termination shall be effective at the end of that agreement period or upon such other date as the Board of Directors may specify and upon a minimum of ninety (90) calendar days' written notice. Such written notice should include reason for termination and be sent by registered mail to the member of the Authority (to the District Chief Administrator or to the County Superintendent of Schools, as is applicable).

C. A member shall be involuntarily terminated from the authority upon a majority vote of all the remaining members of the Board of Directors. Involuntary termination shall have the effect of eliminating the party as a signatory of the Joint Powers Agreement and as a member of the Authority, effective at the end of the agreement period in which the action is taken or upon such other date as the Board of Directors may specify.

D. Members who have been involuntarily terminated shall have the right to appeal their termination to the Executive Committee and to rejoin Shasta-Trinity Schools Insurance Group upon satisfactory evidence of the correction of the grounds for involuntary termination and subject to a majority vote of the Board of Directors.

- E. Upon involuntary termination of any member from Health & Welfare Programs:
1. Within ninety (90) days after the close of the fiscal year at the end of which the withdrawal or termination takes effect, the Board shall determine, using generally accepted accounting and actuarial principles:
 - a. The amount of reserves needed to pay remaining unpaid claims, program expenses, contracted services, and operations cost incurred on behalf of all members while the withdrawing or terminating member's coverage was still in effect.
 - b. The amount of contributions already paid for the closed fiscal year by all members, including the withdrawing or terminating member.
 - c. The ratio which the withdrawing or terminating member's contribution bears the total contributions of all members for the closed fiscal year. This ratio shall be used to determine the member's proportional share of payments and disbursements hereunder.
 2. If the contributions exceed the estimated needed reserves for all members, the Authority will pay the proportional share of excess to the withdrawing or terminating member according to the following schedule:
 - a. Fifty (50%) percent of the estimated excess by no later than January 1 next following the close of the fiscal year after withdrawing or terminating.
 - b. The balance of the excess by no later than January 1 of the second fiscal year after the close of the fiscal year after withdrawing or terminating. This balance may reflect adjustments by the Board based upon recalculation of the necessary reserves, taking into account claims paid since the calculations referred to above were made, using generally accepted accounting and actuarial principles.

3. If the estimated needed reserves exceed the contributions for all members, the withdrawing or terminating member shall pay its proportional share of the deficit to the Authority according to the following schedule:
 - a. Fifty (50%) percent by no later than January 1 next following the close of the fiscal year after withdrawing or terminating.
 - b. The balance of the excess by no later than January 1 of the second fiscal year after the close of the fiscal year after withdrawing or terminating. This balance may reflect adjustments by the Board based upon recalculation of the necessary reserves, taking into account claims paid since the calculations referred to above were made, using generally accepted accounting and actuarial principles.
 4. The withdrawing or terminating member shall be responsible for any claims incurred after the effective date of termination or withdrawal, notwithstanding any other provision of these Bylaws.
- F. Upon involuntary termination of any member from Workers' Compensation Program:
1. Within ninety (90) days after the close of the fiscal year at the end of which the withdrawal or termination takes effect, the Board shall determine, using generally accepted accounting and actuarial principles:
 - a. The amount of reserves needed to pay the estimated ultimate claims losses, program expenses, contracted services, and operations cost incurred on behalf of all members while the withdrawing or terminating member's coverage was still in effect.
 - b. The amount of contributions already paid for the closed fiscal year by all members, including the withdrawing or terminating member.
 - c. The ratio which the withdrawing or terminating member's contribution bears to the total contributions of all members for each fiscal year. This ratio shall be used to determine the member's proportional share of payments and disbursements hereunder.

2. If the contributions exceed the estimated needed reserves for all members, the Authority will pay the proportional share of excess to the withdrawing or terminating member according to the following schedule:
 - a. Fifty (50%) percent of the estimated excess by no later than November 1 next following the close of the fifth fiscal year after withdrawing or terminating.
 - b. The balance of the excess by no later than November 1 of the seventh fiscal year after the close of the fiscal year after withdrawing or terminating. This balance may reflect adjustments by the Board based upon recalculation of the necessary reserves, taking into account claims paid since the calculations referred to above were made, using generally accepted accounting and actuarial principles.
3. If the estimated needed reserves exceed the contributions for all members, the withdrawing or terminating member shall pay its proportional share of the deficit to the Authority according to the following schedule.
 - a. Fifty (50%) percent of the estimated excess by no later than November 1 next following the close of the fifth fiscal year after withdrawing or terminating.
 - b. The balance of the excess by no later than November 1 of the seventh fiscal year after the close of the fiscal year after withdrawing or terminating. This balance may reflect adjustments by the Board based upon recalculation of the necessary reserves, taking into account claims paid since the calculations referred to above were made, using generally accepted accounting and actuarial principles.
4. The withdrawing or terminating member shall be responsible for any claims incurred after the effective date of termination or withdrawal, notwithstanding any other provision of these Bylaws.

G. An agency who has been involuntarily terminated as a member of the Authority or as a participant in any one of the programs offered by the Authority shall not be eligible for re-entry or re-enrollment for a period of three (3) years from the date of involuntary termination.

ARTICLE XII

VOLUNTARY WITHDRAWAL

A. A party to this Agreement may withdraw as a member of the Authority or may terminate enrollment in any of the programs offered by the Authority in the manner herein provided.

1. No party to this Agreement may withdraw until it has been a party for at least twelve (12) consecutive months.
2. To effect withdrawal from this Agreement, the governing board of the withdrawing District shall adopt a resolution of intention to withdraw.
3. Not later than ninety (90) days prior to the first day of the next following agreement period as defined below, a member that intends to withdraw must submit its resolution of intention to withdraw to the STSIG President.
 - a. The agreement period for the Workers' Compensation Insurance Program will be July 1 through June 30.
 - b. ~~The agreement period for the Property Damage and General Liability Insurance Program shall be July 1 through June 30.~~
 - eb. The agreement period for the ~~Fringe Benefit Insurance~~ Health & Welfare Programs (medical, dental, and vision, ~~life~~) shall be July 1 through June 30.
4. The effective date of a member's withdrawal shall be at the end of the agreement period in which it submits its resolution of intention to withdraw.

B. Upon voluntary termination of any member from Health & Welfare Programs:

1. Within ~~ninety~~ 90) one hundred and fifty (150) days after the close of the fiscal year at the end of which the withdrawal or termination takes effect, the Board shall determine, using generally accepted accounting and actuarial principles:

- a. The amount of reserves needed to pay remaining unpaid claims, program expenses, contracted services, and operations cost incurred on behalf of all members while the withdrawing or terminating member's coverage was still in effect.
 - b. The amount of contributions already paid for the closed fiscal year by all members, including the withdrawing or terminating member.
 - c. The ratio which the withdrawing or terminating member's contribution bears to the total contributions of all members for the closed fiscal year. This ratio shall be used to determine the member's proportional share of payments and disbursements hereunder.
2. If the contributions exceed the estimated ~~needed~~ required reserves and plan costs for all members for the agreement period, and a dividend is declared, the Authority will pay the proportional share of excess to the withdrawing or terminating member according to the following schedule:
- a. Fifty (50%) percent of the estimated excess by no later than January 1 next following the close of the fiscal year after withdrawing or terminating.
 - b. The balance of the excess by no later than January 1 of the second fiscal year after the close of the fiscal year after withdrawing or terminating. This balance may reflect adjustments by the Board based upon recalculation of the necessary reserves, taking into account claims paid since the calculations referred to above were made, using generally accepted accounting and actuarial principles.
3. If the estimated ~~needed~~ required reserves exceed the contributions for all members, the withdrawing or terminating member shall pay its proportional share of the accumulated deficit to the Authority according to the following schedule:

- a. Fifty (50%) percent by no later than January 1 next following the close of the fiscal year after withdrawing or terminating.
 - b. The balance of the excess by no later than January 1 of the second fiscal year after the close of the fiscal year after withdrawing or terminating. This balance may reflect adjustments by the Board based upon recalculation of the necessary reserves, taking into account claims paid since the calculations referred to above were made, using generally accepted accounting and actuarial principles.
 4. The withdrawing or terminating member shall be responsible for any claims incurred after the effective date of termination or withdrawal, notwithstanding any other provision of these Bylaws.
 5. The above stated methodology does not apply to any form of stabilization funding or any monies not directly allocated to claims and administration for a plan year. The plan does not contemplate reimbursement of stabilization funds for voluntary withdrawal from the program.
- C. Upon voluntary termination of any member from Workers' Compensation Program:
1. Within ninety (90) days after the close of the fiscal year at the end of which the withdrawal or termination takes effect, the Board shall determine, using generally accepted accounting and actuarial principles:
 - a. The amount of reserves needed to pay the estimated ultimate claims losses, program expenses, contracted services, and operations cost incurred on behalf of all members while the withdrawing or terminating member's coverage was still in effect.
 - b. The amount of contributions already paid for the closed fiscal year by all members, including the withdrawing or terminating member.
 - c. The ratio which the withdrawing or terminating member's contribution bears to the total contributions of all members for each fiscal year. This ratio shall be used to determine the member's proportional share of payments and disbursements hereunder.

2. If the contributions exceed the estimated needed reserves for all members, the Authority will pay the proportional share of excess to the withdrawing or terminating member according to the following schedule:
 - a. Fifty (50%) percent of the estimated excess by no later than November 1 next following the close of the fifth fiscal year after withdrawing or terminating.
 - b. The balance of the excess by no later than November 1 of the seventh fiscal year after the close of the fiscal year after withdrawing or terminating. This balance may reflect adjustments by the Board based upon recalculation of the necessary reserves, taking into account claims paid since the calculations referred to above were made, using generally accepted accounting and actuarial principles.
3. If the estimated needed reserves exceed the contributions for all members, the withdrawing or terminating member shall pay its proportional share of the deficit to the Authority according to the following schedule.
 - a. Fifty (50%) percent of the estimated excess by no later than November 1 next following the close of the fifth fiscal year after withdrawing or terminating.
 - b. The balance of the excess by no later than November 1 of the seventh fiscal year after the close of the fiscal year after withdrawing or terminating. This balance may reflect adjustments by the Board based upon recalculation of the necessary reserves, taking into account claims paid since the calculations referred to above were made, using generally accepted accounting and actuarial principles.
4. The withdrawing or terminating member shall be responsible for any claims incurred after the effective date of termination or withdrawal, notwithstanding any other provision of these Bylaws.

D. An agency who has voluntarily withdrawn as a member of the Authority or as a participant in any one of the programs offered by the Authority shall not be eligible for re-entry or

re-enrollment for a period of twelve (12) months) from the date of withdrawal. Re-entry or re-enrollment will not be automatic and shall be at the sole discretion of the Board of Directors.

ARTICLE XIII

PROPERTY, FUNDS, CONTRIBUTIONS, AND INCOME

A. In the event of the dissolution of the Authority, the complete recision, or other final termination of Joint Powers Agreement by all members or other public educational agencies then a party to the agreement, any property interest remaining in the Authority following a discharge of all obligations shall be disposed of as the Board of Directors shall then determine, with the objective of returning to each member or other agency which is then or was theretofore a party during the six (6) month period immediately preceding the termination of the Agreement, a proportionate return on the contributions made to such properties by such parties.

B. The current fair value of Authority properties shall be determined by the Board of Directors. If any present member disagrees with the current fair value of Authority properties, as determined by the Board of Directors, the current fair value of said properties shall be determined by an independent appraiser selected by the Board of Directors.

C. Operating Funds.

1. Workers' Compensation Insurance Fund - this fund shall be established and maintained out of all applicable contributions, and shall be for the purpose of paying for the following related to Workers' Compensation:

- a) Insurance Premiums
- b) Claims Management Expense
- c) Cost of Administration
- d) Safety Engineering
- e) Data Processing Costs
- f) Investigative Costs
- g) Legal Costs

- h) Audit Costs
- i) Miscellaneous

~~2. Property Damage and General Liability Insurance Fund—this fund shall be established and maintained out of all applicable member contributions, and shall be for the purpose of paying for the same items named in Article XIII.C-1. above relating to Property Damage and General Liability.~~

32. Health & Welfare Benefits Fund - this fund shall be established and maintained out of all applicable member contributions and shall be for the purpose of paying the same items named in Article XIII.C-1. above relating to Health & Welfare Benefits (medical, dental and vision).

43 Proration of Overhead, Expenses, and Income - the Executive Committee shall determine the method of proration of overhead, other expenses, and income between the existing funds and any funds subsequently created.

ARTICLE XIV

INVESTMENT OF SURPLUS RESERVES

A. The Board of Directors shall have the power to invest, or cause to be invested, in compliance with Section 6509.5 of the California Government Code, such reserve surplus funds as are not necessary for the immediate operation of the authority in such securities as allowed by Section 53601 of the California Government Code.

B. The level of cash to be retained for the actual operation of the Authority shall be determined by the Board of Directors.

ARTICLE XV

AMENDMENT

A. Amendment to these Bylaws may be proposed by any designated representative of a member. The proposed amendment shall be referred to the Executive Committee for consideration.

A copy of the proposed amendment, with the Executive Committee's recommendations and reasons therefor, shall be forwarded to the Board of Directors, with the Committee's recommendation thereon.

B. All amendments to these Bylaws must be approved by a majority vote of the parties to this Agreement before the amendment shall become effective. Such amendments shall be binding upon all members of the Authority. The effective date of any amendment will be July 1st following adoption, unless otherwise provided by the Board of Directors' action.

ARTICLE XVI

SEVERABILITY

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

ARTICLE XVII

EFFECTIVE DATE

These Bylaws shall become effective immediately upon the effective date of the Joint Powers Agreement.

Signed and Executed by:



Harley North Adam Hillman, President
Board of Directors