

VECTOR CONTROL JOINT POWERS AGENCY

BYLAWS

Amended June 3, 2020

**BYLAWS OF THE
VECTOR CONTROL JOINT POWERS AGENCY**

TABLE OF CONTENTS

ARTICLE I - DEFINITIONS.....	1
ARTICLE II - MEMBERSHIP	3
A. ELIGIBILITY.....	3
B. ADMISSION OF NEW OR RETURNING MEMBER DISTRICTS.....	3
ARTICLE III - BOARD OF DIRECTORS.....	4
A. COMPOSITION AND SELECTION.....	4
B. BOARD MEETINGS.....	6
C. REGULAR AND SPECIAL MEETINGS.....	6
D. DRAFT MINUTES.....	7
ARTICLE IV - MEMBERSHIP MEETINGS	8
A. REGULAR MEETINGS	8
B. SPECIAL MEETINGS.....	8
C. CONDUCT	8
ARTICLE V - OFFICERS.....	9
A. COMPOSITION	9
B. ELECTION AND APPOINTMENT	9
C. DUTIES	9
D. REMOVAL.....	11
ARTICLE VI - COMMITTEES.....	11
A. STANDING AND OTHER.....	11
B. EXECUTIVE COMMITTEE	11
ARTICLE VII - AGENCY JOINT PROTECTION PROGRAMS.....	13
A. PROGRAMS OFFERED	13
B. MANDATORY JOINT PROTECTION PROGRAMS.....	13
C. OPTIONAL PROGRAMS	13
D. TYPES OF COVERAGE.....	14
E. OBLIGATION OF MEMBER DISTRICTS.....	14
F. GROUP PURCHASED INSURANCE	14
G. SELF-INSURED JOINT PROTECTION PROGRAMS	14
H. MEMBER CONTINGENCY FUNDS.....	15

VCJPA BYLAWS
TABLE OF CONTENTS
PAGE 2

ARTICLE VIII - CONTRACTED SERVICES.....	15
A. ADMINISTRATOR.....	15
B. BROKER OF RECORD.....	15
C. CLAIMS ADMINISTRATOR	15
D. CLAIMS AUDIT AND ACTUARIAL SERVICES.....	15
E. LEGAL COUNSEL	15
F. AUDITOR.....	16
G. OTHER CONTRACTORS.....	16
H. COMPENSATION	16
ARTICLE IX - EXECUTION OF CONTRACTS.....	16
A. AUTHORIZATION BY BOARD OF DIRECTORS.....	16
ARTICLE X - FINANCIAL AFFAIRS.....	16
A. ACCOUNTS AND RECORDS.....	16
B. AUDIT.....	16
C. PROGRAM YEAR.....	17
D. PURPOSE	17
E. GENERAL FUND.....	17
F. MEMBER CONTINGENCY FUND	17
G. PROPERTY CONTINGENCY FUND	19
H. QUARTERLY STATEMENTS.....	19
I. ANNUAL BUDGET.....	20
J. ANNUAL BILLING PROCESS.....	20
K. REFUNDS UPON WITHDRAWAL OR INVOLUNTARY TERMINATION..	21
L. PENALTY FOR UNTIMELY SUBMISSION OF REQUIRED DATA	21
M. BONDING	22
N. WARRANTS.....	22
ARTICLE XI - EXPENSES.....	22
A. EXPENSES	22
B. EXPENSES FOR OTHER MEMBERS	22
ARTICLE XII - DISPUTES OR CLAIMS BETWEEN MEMBER DISTRICTS	23
ARTICLE XIII - AMENDMENTS	23
ARTICLE XIV - NOTICES.....	23
A. NOTICES TO THE AGENCY.....	23
B. NOTICES TO MEMBER DISTRICTS	23
C. CLAIMS AGAINST THE AGENCY	23

VCJPA BYLAWS
TABLE OF CONTENTS
PAGE 3

ARTICLE XV - ARTICLES, SECTIONS, AND PARAGRAPHS	24
A. ARTICLES.....	24
B. SECTIONS.....	24
C. PARAGRAPHS.....	24
ARTICLE XVI - EFFECTIVE DATE.....	24
A. EFFECTIVE DATE AND SUPERSESSION	24

BYLAWS OF THE VECTOR CONTROL JOINT POWERS AGENCY

THESE BYLAWS are for the regulation of the Vector Control Joint Powers Agency and its joint protection programs.

ARTICLE I DEFINITIONS

The following words, when typed in bold print within the provisions of the **Agreement** and these Bylaws, shall have the following definitions:

"**Agreement**" shall mean the Vector Control Joint Powers Agency Joint Exercise of Powers Agreement.

"**Agency**" shall mean the VECTOR CONTROL JOINT POWERS AGENCY.

"**Agency Regions**" shall mean any one of the following: Coastal Region, Sacramento Valley Region, and Southern California Region as defined by the **Association**, and the San Joaquin Valley Region which consists of the Northern San Joaquin Valley Region and the Southern San Joaquin Valley Region as defined by the **Association**.

"**Association**" shall mean the Mosquito and Vector Control Association of California.

"**Board of Directors**" or "**Board**" shall mean the governing body of the **Agency**.

"**Claims**" shall mean demands made against the **Agency** arising out of occurrences which are claimed to be within one of the **Agency's joint protection programs** as developed by the **Board**.

"**Deposit Premium**" shall mean those funds charged for the purpose of self-insured coverage.

"**Excess Insurance**" shall mean that **insurance** purchased in excess of the **Agency's self-insured retention** to protect the funds of the **Agency** or **Member Districts** against losses during a single year.

"**Fiscal Year**" shall mean the period July 1 to June 30 of each year.

"**General Fund**" shall mean those funds maintained by the **Agency** to handle all administrative costs on a day-to-day basis. These costs are charged out to the **joint protection programs** on an annual basis.

"**Insurance**" shall mean any commercial insurance coverage.

"**Insurance Premium**" shall mean those funds charged for the payment of group purchased **insurance**.

"**Joint Protection Program**" shall mean any program to provide risk sharing or **insurance**

coverage under the **Agreement** and these Bylaws and shall include a determination as to the amount of initial **insurance premiums** and/or **deposit premiums**, a precise allocation plan and formula, and a determination of the amount and type, if any, of **excess insurance** to be purchased. Included within the term **joint protection program** is the identification of exposures to accidental loss, the reduction or limitation of losses to **Member District** properties and from injuries to persons or property caused by the operations of **Member Districts** and the funding of those risks, together with any other functions appropriate or necessary to the functioning of the **joint protection program**.

"Master Plan Document" shall mean the document, formally adopted by the **Board of Directors**, containing the provisions of a self-insured or pooled program that shall include, but not be limited to, the following:

1. The scope of the program;
2. The procedures to be followed;
3. Who may participate;
4. Any limits or restrictions;
5. How **deposit premiums** are determined;
6. How refunds, if any, are determined;
7. Commitments required by participants;
8. How the document may be amended.

"Member District" shall mean a district which is organized and existing under the Mosquito Abatement District/Vector Control District Law (Health and Safety Code Sections 2200 - 2406) or the Pest Abatement District Law (Health and Safety Code Sections 2800 - 2930), eligible to be a member of the **Association**, and which has been approved for participation in **Agency** by the **Board** in accordance with applicable provisions of the **Agreement** and these Bylaws, and has signed the **Agreement**.

"Member Contingency Fund" shall mean those funds of the **Member Districts** that are maintained by the **Agency** as unobligated reserves of the **Member Districts**.

"Retained Limit" shall mean the maximum amount that an individual **Member District** shall be required to pay per occurrence before the coverages of a pool apply.

"Self-Insurance" shall mean the process whereby the **Agency** maintains sufficient reserves to pay all **claims** and associated expenses of a risk area without purchasing **insurance** to cover the risk or a portion of the risk.

"Self-Insured Retention" or **"SIR"** shall mean the maximum amount per occurrence or loss for which a pooled program is liable.

"Trust Fund" shall mean monies held in trust by the **Agency** or third party administrator.

"Trustee" shall mean a member of a board of trustees of a Member District.

ARTICLE II
MEMBERSHIP

A. **ELIGIBILITY**

All districts that, except for the approval by the **Board of Directors** and execution of the Agreement, would qualify as a **Member District**, as defined, are eligible for membership in the **Agency**, upon approval by the **Agency Board of Directors**.

B. **ADMISSION OF NEW OR RETURNING MEMBER DISTRICTS**

1. Any eligible district may become a party to the **Agreement** upon approval by two-thirds vote of the **Board of Directors**, and upon receipt of a one-time application fee of \$1,000 unless waived by the Administrator, which shall be applied toward the **deposit premium** of the district should they join the **Agency**. If the district does not join the **Agency** either of its own accord, or if the district is not approved by the **Board of Directors**, the \$1,000 application fee shall be paid to the Administrator. The application fee shall be due and payable upon application to the **Agency**. Said district becoming a party to the **Agreement** shall deposit all fees, **insurance premiums**, **deposit premiums**, and deposits required by the **Agency**. Thereafter, such additional party shall agree to the terms and conditions in the **Agreement**, Bylaws, and **Master Plan Documents** for programs, and be considered a party to the **Agreement** to the same extent as all of the original parties and for all purposes.
2. Membership shall become effective upon approval of that district's membership by the **Board**, the district's adoption by resolution and execution of the **Agreement**, adoption by resolution of **Master Plan Documents** for mandatory programs, and by the district's payment of its entry fee and initial **insurance premiums** and **deposit premiums**.
3. In addition to these admission requirements, a prospective new district shall also comply with new admission requirements set forth in the **Master Plan Documents** for mandatory programs.

ARTICLE III
BOARD OF DIRECTORS

A. **COMPOSITION AND SELECTION**

The **Agency** shall be governed by a **Board of Directors** consisting of representatives of the **Member Districts** under the following conditions:

1. **Composition**. The **Board** shall consist of six voting directors, one director from each of the four **Agency Regions** and two directors representing **Trustees**. Each director representing an Agency Region must be a management employee or a **Trustee** of a **Member District**. Each director representing **Trustees** must be a **Trustee** of a **Member District**. Each of the **Agency Regions** and the **Trustees** shall elect an alternate director (for a total of five alternates) who shall vote in the

absence of the regular director for which he or she is an alternate.

2. Selection of **Agency Region** Representatives. Directors representing an **Agency Region** must be from a **Member District** elected by a vote of the **Member Districts** within the **Agency Region** at a meeting of the **Agency Region**. At the regular **Association** regional meeting immediately preceding the last Board of Directors meeting prior to the new program year that precedes the expiration of the term of any director and alternate, the **Agency Region** represented by that director and alternate shall elect a director and alternate to represent it for the next two-year term. The results of that election shall be announced at the last Board of Directors meeting prior to the new program year.
3. Selection of **Trustee** Representatives. The two **Trustee** representatives on the **Board of Directors** shall represent **Agency Regions** as follows: one from a **Member District** in the Southern California and San Joaquin Valley **Agency Regions**; and one from a **Member District** in the Coastal and Sacramento Valley **Agency Regions**. The alternate **Trustee** representative shall be selected at large. The **Member Districts** in each of the two **Agency Region** groups shall elect their **Trustee** representative prior to the last Board of Directors meeting prior to the new program year. All **Member Districts** shall elect the **Trustee**-alternate prior to the last Board of Directors meeting prior to the new program year. Each **Member District** shall have one vote. Any **Member District** may submit a nomination for a **Trustee** representative position on the **Board**. Nominations shall be in writing submitted to the **Agency** Administrator, and they must be received no later than 60 days before the last Board of Directors meeting prior to the new program year. At least 45 days before the last Board of Directors meeting prior to the new program year, the Administrator shall prepare and submit a ballot to the **Member Districts** eligible to vote. Ballots must be completed and returned to the Administrator at least 5 days before the last Board of Directors meeting prior to the new program year. The Administrator shall tally the ballots timely received from the voting **Member Districts** and shall announce the results of that election at the last Board of Directors meeting prior to the end of the new program year.

If, by 59 days before the last Board of Directors meeting prior to the new program year, only one qualified person has been nominated for the **Trustee** representative position, then an election to fill that position shall not be conducted and instead the Board of Directors at its last meeting prior to the new program year shall appoint the single nominee to the position. If, by 59 days before the last Board of Directors meeting prior to the new program year, no qualified person has been nominated for the **Trustee** representative position, then an election to fill that position shall not be conducted and instead the Board of Directors at its last meeting prior to the new program year shall appoint a qualified person to the position.

4. Term of Office. All directors (including **Trustee** representatives) and alternates shall serve a two-year term. The terms of the directors and the **Agency Region**-elected alternates from the Southern California and the San Joaquin Valley Regions shall expire on June 30th of the even numbered years. The terms of the directors and **Agency Region**-elected alternates from the Coastal and Sacramento Valley Regions shall expire on June 30th of the odd numbered years. The term of the

Trustee-elected alternate shall expire on June 30th of the even numbered years. All directors and alternates elected to the **Board** in accordance with these procedures shall begin their term of office on July 1 in the year of their election.

5. Vacancies. Upon a vacancy occurring on the **Board**:

- a. If an **Agency Region**-elected seat becomes vacant, that **Agency Region** shall elect a new director at a special or regular meeting of the members of that region. The new director shall serve the remainder of the two-year term.
- b. If a **Trustee**-elected seat becomes vacant, the **Member Districts** from the **Agency Regions** who initially elected the director shall hold a special election to elect a new director pursuant to special election procedures similar to subsection 3. The new director shall serve the remainder of the two-year term.

In the event the director is not either re-elected or a successor elected by the represented region or the **Trustees** by the end of his or her term, the **Board** will appoint a Trustee or management employee of a **Member District** within the region represented by the vacant director, or, if a director's position representing the **Trustees** is vacant, the **Board** will appoint a Trustee to fill the vacancy pending the filling of the vacancy by the appropriate appointing body.

6. Serve at Pleasure. A **Board** director shall serve at the pleasure of his or her appointing body or group and may be removed from the **Board** at any time by a majority vote of that respective appointing body or group.

B. BOARD MEETINGS

All meetings of the **Board of Directors** shall be noticed and held in compliance with the applicable State law. In addition, the following provisions will apply:

1. The business of the **Board** shall be conducted and exercised only at a meeting of the **Board** where a quorum as defined in Paragraph 3. of Article III.C. below, is present.

C. REGULAR AND SPECIAL MEETINGS

Regular meetings of the **Board of Directors** shall be held at least four times a year. The last regular Board meeting of the fiscal year shall be designated as the annual Board meeting. The purpose of the annual meeting is for the Board to reorganize and select the Board officers for the subsequent fiscal year. The date, time and place of regular **Board** meetings shall be established by the President, in consultation with the Administrator. The President shall periodically approve and modify as appropriate a notice of regular meeting schedule showing the date, time and location of regular Board and Executive Committee meetings. Regular meetings shall be scheduled at least 30 days in advance of the meeting date and a regular meeting shall not be rescheduled or changed within 30 days of the date of the meeting. (Nothing in this provision shall restrict the authority of the President to call a special meeting.) Whenever the President approves or modifies the regular meeting schedule, the notice of regular meeting schedule shall be (1) sent via e-mail to each member

of the Board, Member District, and interested member of the public or representative of the media who has requested, in writing, e-mail notice of **Agency** meetings, (2) mailed to each member of the Board and interested member of the public or representative of the media who has requested, in writing, written notice of **Agency** meetings, and (3) posted at the **Agency** office in a location that is freely accessible to members of the public.

1. The date, time and location of regular Executive Committee meetings shall be determined by the President and noticed in the same manner as provided for regular Board meetings in Article III, section C. At least 72 hours before each regular meeting, the Administrator, in coordination with the President, shall prepare a written agenda specifying the date, time and location of the regular meeting and containing a brief general description of each item of business to be transacted or discussed at the meeting. The agenda shall be posted at least 72 hours before the meeting in a location that is freely accessible to members of the public. A copy of the agenda shall also be mailed at least 72 hours before the regular meeting to each member of the **Board of Directors**, each **Member District**, and each interested member of the public or representative of the media who has requested, in writing, written notice of **Agency** meetings.
2. **Special Meetings.** The President of the **Board** or a majority of the **Board** may call a special meeting. The special meeting notice shall comply with the requirements of Government Code Section 54950. In complying with the 24-hour prior posting requirements of Section 54950, the special meeting notice shall be posted in a location that is freely accessible to members of the public. In addition to the notice requirements of Section 54950, the Administrator shall cause notice by telephone or email to be given to each member of the **Board of Directors** and to each **Member District** at least 24 hours prior to the start of the special meeting.
3. At least four members of the **Board** constitute a quorum and must be present at any meeting before the business of the **Board** can be transacted. The vote of a majority of the **Board** present and voting shall be required for any act or decision of the **Board** except as specified in the **Agreement** or herein otherwise specifically provided.
4. Meetings of the **Board** may be conducted by teleconferencing pursuant to and in conformance with California Government Code section 54953(b). However, it is the preference of VCJPA that meetings of the Board be conducted with each **Board** member (and/or his or her Alternate) physically present, unless exigent circumstances make teleconferencing a preferred alternative in a particular situation.
5. All meetings of the **Agency Board** shall be conducted in accordance with the Ralph M. Brown Act (Section 54950 et.seq. of the Government Code).

In accordance with Government Code section 54956.96, the Agency authorizes the following:

- (1) All information received by the Board directors in a closed session shall be

confidential. However, a Board director or alternate may disclose information obtained in an Agency Board closed session that has direct financial or liability implications for the director's or alternate's Member District to the following individuals: (a) legal counsel of that Member District for purposes of obtaining advice on whether the matter has direct financial or liability implications for that Member District; and (b) other trustees of that Member District present in a closed session of that Member District's governing board.

- (2) Any Board alternate director who is also a trustee of a Member District and who is attending a properly noticed Board meeting in lieu of the regular director may attend closed sessions of the Board.

D. DRAFT MINUTES

Draft minutes of any and all meetings shall be prepared and distributed to each member of the **Board of Directors** and each **Member District** within 30 days after the date of such meeting.

ARTICLE IV
MEMBERSHIP MEETINGS

A. REGULAR MEETINGS

A meeting of the representatives of the **Member Districts** shall be held whenever an issue regarding a power specifically reserved to the membership is to be decided. The precise time and place of the meeting shall be determined by the President. Notice of the time and place, including a brief general description of each item of business to be transacted or discussed at the meeting, shall be mailed to each member of the **Board of Directors** and each **Member District** at least 30 days before the meeting and will be made available to any member of the public who so requests.

B. SPECIAL MEETINGS

1. The President of the **Board** may call a special meeting of the representatives from all **Member Districts** by emailing a notice to each member of the **Board of Directors** and to each **Member District** stating the time and place of the meeting and a brief general description of each item of business to be transacted. The notice must be emailed at least 30 days before the meeting.
2. A 30 day notice shall not be required in cases of emergency as determined by the President. Notices of special meetings shall be made available to any member of the public who so requests.
3. Each **Member District** shall send a representative to any regular and special membership meetings, unless excused by the President.
4. A majority of individual representatives from the respective **Member Districts**

shall constitute a quorum and must be present at any regular or special membership meeting before business can be transacted. The vote of two-thirds of the **Member Districts'** individual representatives present and voting shall be required for any act or decision at any regular or special membership meeting, except as specified in the **Agreement** or herein otherwise specifically provided.

C. CONDUCT

All meetings of the membership shall be conducted in accordance with the Ralph M. Brown Act (Section 54950 et.seq. of the Government Code).

ARTICLE V
OFFICERS

A. COMPOSITION

The officers of the **Agency** shall be an elected President, 1st Vice President, and 2nd Vice President and an appointed Secretary, Treasurer/Auditor, Assistant Treasurer, Litigation Manager, Workers' Compensation Program Manager, Risk Manager, and Administrator. These officers shall perform the duties prescribed by the **Agreement** and these Bylaws. The President, 1st Vice President, 2nd Vice President, and Treasurer shall be members of the **Board**.

B. ELECTION AND APPOINTMENT

1. The terms of office for the elected officers shall be one year concurrent with the **fiscal year** of the **Agency**. In the event of a vacancy in the office of President, the 1st Vice President shall fill the vacancy; in the event of a vacancy in the office of 1st Vice President, the 2nd Vice President shall fill the vacancy; in the event of a vacancy in the office of 2nd Vice President, the vacancy in the office shall be filled by Board election of one of its members (from a region other than the President or 1st Vice President) at the next regular meeting of the Board after such vacancy occurs. For vacancies filled in this manner, the new officer shall serve for the unexpired term of the former incumbent.
2. At the last **Board** meeting of the **fiscal year**, the 1st Vice President shall be affirmed as the President, the 2nd Vice President shall be affirmed as the 1st Vice President, and a member of the **Board** shall be elected by the **Board** to fill the vacancy of 2nd Vice President. The President, 1st Vice President, and 2nd Vice President shall at all times be from different regions.
3. In the event of a three-three tie vote on the election or appointment of an Agency officer, the tie vote will be broken by the decision of the President.
4. The **Board** shall appoint a Secretary, Treasurer/Auditor, Assistant Treasurer, Litigation Manager, Workers' Compensation Program Manager, Risk Manager, and Administrator who shall serve in such offices at the pleasure of the **Board**. The Board may appoint the 2nd Vice President to also serve as the Treasurer/Auditor.

C. DUTIES

1. President - The President shall preside over **Board** and Executive Committee meetings, determine questions of order and, when appropriate, call special meetings. The President may establish committees, and appoint the members of committees, as provided in these Bylaws. Committees established by the President may continue in existence beyond that President's term and shall continue until terminated by the President. The President shall execute documents on behalf of the **Agency** as authorized by the **Board** and shall serve as the primary liaison between the **Agency** and the other organizations.
2. 1st Vice President - The 1st Vice President shall serve as ex-officio member of all committees. In the absence of or temporary incapacity of the President, the 1st Vice President shall exercise the functions covered in (1) above.
3. 2nd Vice President - If the office of the 1st Vice President is vacated for any reason, the 2nd Vice President shall assume the office of 1st Vice President. The 2nd Vice President may also serve as the Treasurer/Auditor, with those duties and responsibilities set forth below.
4. Secretary - The Secretary will be responsible for preparing all notices, minutes, and agendas of **Board** and Executive Committee meetings, preparing necessary correspondence, and maintaining files and records and perform such other duties as directed by the **Board**.
5. Treasurer/Auditor - The Treasurer/Auditor shall have custody of and disburse **Agency** funds, accounts, and property. The Treasurer/Auditor shall oversee the maintenance of books and records, as required by the **Agency**, and report the financial status of the **Agency** to the Board at least biannually. After the close of the **fiscal year**, the Treasurer/Auditor shall cause the financial records of the **Agency** to be audited by an independent auditing firm.

Within 120 days after the close of the **fiscal year**, a report by the auditing firm will be made available for distribution to the member entities and other financial institutions as required. The Treasurer/Auditor shall be the officer responsible for property, including cash, pursuant to Government Code Section 6505.1.

6. Assistant Treasurer - The Assistant Treasurer shall maintain the books and records of the **Agency** and report the financial status of the **Agency** to the Treasurer/Auditor. The Assistant Treasurer shall prepare, within 90 days after each quarter, an internal financial report for the preceding quarter for distribution to the **Member Districts** and other financial institutions as required and perform such other duties as directed by the **Board**.
7. Administrator - The Administrator shall be the chief administrative officer of the **Agency** and shall perform those duties and have those obligations as provided by separate contract between the Administrator and the **Agency**, or as otherwise provided by the **Board**.

8. Risk Manager - The Risk Manager's duties and responsibilities shall include assistance to the Administrator in the performance of the duties and responsibilities and performance of such other duties as directed by the **Board**.
9. Litigation Manager - The Litigation Manager shall have those duties and responsibilities of the Program Administrator as provided by the **Master Plan Document** of the Pooled Liability Program, and such other duties as directed by the **Board**.
10. Workers' Compensation Program Manager – The Workers' Compensation Program Manager shall have those duties and responsibilities of the Program Administrator as provided by the **Master Plan Document** of the Pooled Workers' Compensation Program, and such other duties as directed by the **Board**.

D. REMOVAL

The **Board** may remove an officer at any time by a vote of at least four 4 members of the **Board**. A vacancy in an office, because of death, resignation, removal, disqualification, or any other cause, shall be filled as prescribed in these Bylaws.

ARTICLE VI
COMMITTEES

A. STANDING AND OTHER

The **Agency** may have within its administrative structure committees or advisory councils consisting of any number of representatives from **Member Districts** as established by the **Board of Directors** of the **Agency**. These advisory committees or councils may be in various areas and functions of the **Agency**.

The President of the **Board** may appoint standing or ad hoc committees as deemed necessary to carry on the work of the **Agency**. All standing committee appointments are subject to approval of the **Board**. Any **Member District** representative may serve on any committee.

B. EXECUTIVE COMMITTEE

There shall be an Executive Committee of the **Board of Directors** composed of the President, 1st Vice President, and 2nd Vice President. The Executive Committee shall meet at least three times per year, unless otherwise provided by the President.

The date, time and location of regular Executive Committee meetings shall be determined by the President and noticed in the same manner as provided for regular Board meetings in Article III, section C. At least 72 hours before each regular meeting, the Administrator, in coordination with the President, shall prepare a written agenda specifying the date, time and location of the regular meeting and containing a brief general description of each item of business to be transacted or discussed at the meeting. The agenda shall be posted at least

72 hours before the meeting in a location that is freely accessible to members of the public. A copy of the agenda shall also be emailed and/or mailed at least 72 hours before the regular meeting to each member of the Executive Committee and each interested member of the public or representative of the media who has requested, in writing, written notice of **Agency** meetings.

All meetings of the **Agency** Executive Committee shall be conducted in accordance with the Ralph M. Brown Act (Section 54950 et.seq. of the Government Code).

The Executive Committee shall cause minutes of each meeting to be prepared setting forth a summary of the matters discussed, expenditures approved, actions taken, and decisions made. The minutes shall be distributed to the members of the Executive Committee, members of the **Board of Directors**, and each **Member District**. The Executive Committee shall have the authority to do the following on behalf of the **Agency**:

1. To provide advice, consultation, and guidance to the Administrator regarding implementation and administration of the **Agreement**, these Bylaws, the **Master Plan Documents**, other **insurance** or **joint protection programs**, and other policies and programs established by the **Board of Directors**.
2. To assist and advise the Administrator regarding the setting of the agenda for the **Board of Directors** meetings.
3. To review and approve **Agency** expenditures, without approval by the **Board of Directors**, provided that (a) expenditures are included in the approved budget, and (b) there are unappropriated funds available for these expenditures. All other expenditures must be approved by the **Board of Directors**.
4. To make minor line item augmentations to approved line items in the budget, provided that:
 - a. any single increase may not exceed 25% of the originally approved amount or \$5,000, whichever is less;
 - b. all augmentations made by the Executive Committee in accordance with the provisions of this section shall be reported to the **Board of Directors** at their next meeting; and
 - c. in making augmentations to the budget, the Executive Committee shall not exceed, in the aggregate, the amount established and approved by the **Board** as the "Contingency Reserve".
5. To take actions and make decisions on behalf of the **Agency** regarding administrative matters in situations where all of the following are satisfied:
 - a. The decision is outside the scope of the authority and discretion of the Administrator;

- b. The decision does not involve the setting or establishment of a fundamental and important policy or program of the **Agency**;
 - c. The decision is consistent and in accordance with the **Agreement**, these Bylaws, applicable **Master Plan Documents**, other **insurance** or **joint protection programs**, and other applicable policies and programs established by the **Board of Directors**; and
 - d. It would not be in the best interests of the **Agency** to wait until the next **Board of Directors** meeting, or to schedule a special **Board of Directors** meeting, for a decision on the matter.
6. To make decisions regarding **insurance** renewal issues provided that funds have been approved in the annual budget.

ARTICLE VII
AGENCY JOINT PROTECTION PROGRAMS

A. **PROGRAMS OFFERED**

The **Agency** shall offer programs of **insurance**, **self-insurance**, and risk management as prescribed by the **membership**.

B. **MANDATORY JOINT PROTECTION PROGRAMS**

The following **joint protection programs**, unless terminated as provided in these Bylaws and the **Agreement**, shall require the participation of all **Member Districts**:

- 1. Liability (including any excess coverage, aggregate, or stop loss pool) that shall include General Liability, Auto Liability, and Errors and Omissions;
- 2. Multi-peril Property and Boiler & Machinery;
- 3. Workers' Compensation and Employer's Liability; and
- 4. Auto Physical Damage.

C. **OPTIONAL PROGRAMS**

Other optional programs may be offered to the **Member Districts** as determined by the membership.

A 60-day notice of withdrawal shall be required prior to withdrawal from any optional **insurance** program offered through the **Agency**, unless the provisions of the **Master Plan Document** governing such program provide to the contrary.

D. **TYPES OF COVERAGE**

Each of the **joint protection programs** offered by the **Agency** may be either insured, partially self-insured, or self-insured. The Board of Directors may elect to make changes to the joint protection program.

E. **OBLIGATION OF MEMBER DISTRICTS**

Where a **joint protection program** offered by the **Agency** is self-insured or partially self-insured, each **Member District** which participates shall initially be required to obligate itself to participate in that **joint protection program** for a minimum number of years in accordance with the provisions of the respective **Master Plan Document**.

F. **GROUP PURCHASED INSURANCE**

Where the membership prefers to purchase group **insurance** coverage rather than self-insure the risk, the **Agency** shall act as the purchasing agent and administrator for the coverage to be offered. The group policy may be purchased in the name of the **Agency** and shall include the participating **Member Districts** as "Insured" on the policy. The **Agency** shall pay the **insurance premium** required by the **insurance** company, including fees, taxes, and broker's commissions. The **Agency** shall collect from the participating **Member Districts** the amount paid to the **insurance** company plus any costs that are incidental to the administration of the policy. Such administrative costs shall not exceed ten percent of the cost of the **insurance** coverage unless approved by a majority of the participating **Member Districts**. The costs of the **insurance** and the administration fees allocated to each participating **Member District** shall be determined by the Administrator in a fair and equitable manner which is consistent with generally accepted accounting principles. Any liabilities created by a group **insurance** plan shall be the liability of only those **Member Districts** that participate in such group **insurance**.

G. **SELF-INSURED JOINT PROTECTION PROGRAMS**

Each **joint protection program** of **self-insurance** that is offered by the **Agency** shall be organized and operated in accordance with a **Master Plan Document** that shall include all of the procedures, rules, and regulations that are applicable to that **joint protection program**. The **Master Plan Document** shall be binding upon all participants. Amendments to the **Master Plan Document** shall be in accordance with the provisions of the **Master Plan Document** for each **joint protection program**. For any self-insured **joint protection program** operated under a **Master Plan Document**, the **Agency** may also adopt a Memorandum of Coverage, with declarations setting forth the coverages, limitations on coverage, conditions and exclusions of coverage, and **Agency** and **Member District** obligations. Memoranda of coverage may be amended in the same manner as the **Master Plan Document** for that program.

H. **MEMBER CONTINGENCY FUNDS**

The **Board** shall set up and maintain **Member Contingency Funds** and may contract with third parties to hold and account for such funds.

ARTICLE VIII

CONTRACTED SERVICES

A. ADMINISTRATOR

The **Board** may appoint an Administrator who shall have general administrative responsibility for the activities of this Joint Powers **Agency**, shall serve at the pleasure of the **Board**, shall be responsible for all minutes, notices, and records of meetings, the overseeing of all other contracted services, and shall perform such other duties as may be assigned by the **Board**.

B. BROKER OF RECORD

The **Board** may appoint a Broker of Record to serve as the exclusive agent of the **Board** to acquire the **Agency's Insurance** as determined by the **Board of Directors**.

C. CLAIMS ADMINISTRATOR

The **Board** may acquire the services of outside administrative groups to conduct claims handling and adjusting as directed by the **Agency**.

D. CLAIMS AUDIT AND ACTUARIAL SERVICES

1. Claims Auditor: The **Board** may select an independent claims auditor from time to time to determine the adequacy of case reserves, the efficiency of claims handling procedures, the case load being handled by the claims adjustors, and the compliance with state laws which govern the handling of claims.
2. Actuarial Services: The **Board** may select an actuary to determine the adequacy of **joint protection program** reserves, assist in setting rates, and evaluating the **joint protection programs** of **self-insurance**.

E. LEGAL COUNSEL

The **Board**, or the Administrator as authorized, may engage the services of legal counsel as is deemed necessary to ensure the proper conduct of the **Agency** business.

F. AUDITOR

The **Board** shall engage the services of an independent auditor to review the books and accounts of the **Agency** to assure sound handling and accounting of the funds of the **Agency**.

G. OTHER CONTRACTORS

The **Board** may engage any other services of any other contractor to perform essential functions of the **Agency** as deemed necessary by the **Board**.

H. COMPENSATION

Compensation for all contract services rendered to the **Agency** will be determined and approved by the **Board**.

ARTICLE IX
EXECUTION OF CONTRACTS

A. AUTHORIZATION BY BOARD OF DIRECTORS

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

ARTICLE X
FINANCIAL AFFAIRS

A. ACCOUNTS AND RECORDS

The **Agency** shall establish and maintain such bank accounts and maintain such books and records as determined by the **Board** and as required by good accounting practice. Books and records of the **Agency** shall be open to inspection at all reasonable times by authorized representatives of **Member Districts**. Quarterly financial reports shall be provided to all **Member Districts**.

B. AUDIT

A financial audit shall be conducted each year by a Certified Public Accountant as required by ARTICLE XX of the **Agreement**, and a copy of same shall be distributed to each **Member District** and other distribution as required by law.

In accordance with Government Code Section 26909 and within 12 months of the end of each **fiscal year**, a copy of the annual audit shall be filed with the State Controller and Sacramento County Auditor.

C. PROGRAM YEAR

Each **joint protection program** offered by the **Agency** may have a Program Year that may or may not coincide with the **fiscal year** of the **Agency**. The Program Year for each **joint protection program** shall be as stated in the **Master Plan Document** for that **joint protection program**.

D. PURPOSE

Funds deposited in any **Agency** program shall be used solely for proper expenditures and/or claims related to the operations covered by that program.

E. GENERAL FUND

The **general fund** is for the purpose of satisfying all administrative costs on a day-to-day basis. Payments from this account will be charged to the **joint protection programs** on an annual basis.

F. MEMBER CONTINGENCY FUND

1. **Member districts** will be permitted to deposit unobligated monies with the **Agency**. These monies shall be held for the **Member District** along with other **Agency** funds.
2. The name of this fund shall be the **Member Contingency Fund**.
3. The main purpose of the **Member Contingency Fund** is to pay for items not covered under the **Agency's** pooled programs. The valid and permissible reasons to deposit monies into the **Member Contingency Fund** include, but are not necessarily limited to:
 - a. To cover the costs of non-covered claims;
 - b. To pay losses that exceed the coverage limits provided by the **Agency**;
 - c. To pay potential assessments to pooled programs;
 - d. To cover negative balances that may occur in the retrospective adjustment process;
 - e. To pay environmental clean-up costs not covered by the VCJPA coverages;
 - f. To pay retained limits/deductibles in all of the pooled and purchased programs (Auto Physical Damage, Property, Liability, Workers' Compensation, Employment Practices, etc.);
 - g. To pay deposit premiums; and
 - h. To cover the costs of building or other capital repair, rehabilitation, replacement, or improvement projects.

The following are not valid and permissible reasons to deposit monies into the **Member Contingency Fund**:

- a. To fund for employment positions, wages, salaries and benefits; and
 - b. To contribute to retirement systems.
4. The **Board of Directors** of the **Agency** has determined that a prudent fund balance would include the cost of two times the full limits of the deductible for each pooled program, (see 3, f above) plus the sum of two full years of deposit premiums. The two full years of deposit premiums have been determined to be a fair estimation of potential loss costs for items 3, a-f above. An example of this calculation can be found in Exhibit A, which is attached to these Bylaws. The financial formula

delineated in this paragraph is intended to be the **Agency's** best estimation of what could be considered a prudent fund balance. **Member Districts** should strive not to exceed what is considered to be a prudent fund balance under the above formula. In the event a Member District feels there is good reason to exceed the prudent fund balance, the reasons for that exception should be documented and submitted to the **Agency**.

5. Deposits of unobligated monies may be made by the **Member District** at any time.
6. Withdrawals from the unobligated balances in the **general fund** may be made by request from a **Member District** within 15 days following the receipt of any quarterly report. No more than one withdrawal may be made per quarter. The funds shall be disbursed no later than 30 days after the quarter has ended, however, requests for disbursement prior to the end of the current quarter will result in the forfeiture of interest accrued to the account during that quarter.
7. The unobligated monies held for the **Member Districts** may be commingled with other **Agency** funds only for the purposes of investment.
8. The monies earned by investing the **Member Contingency Fund** shall be credited quarterly to the **Member Districts** that have maintained reserve balances during the preceding quarter. The pro rata share for each **Member District** shall be determined by a relationship of the average of the beginning and ending balances in the account as they relate to an average of the total beginning and ending balances.
9. The **Agency** shall prepare a quarterly statement of monies held by the **Agency** for the **Member Districts** and shall provide same to each **Member District** who has monies in the Fund.
10. One hundred dollars per month shall be paid to the **Agency's general fund** by the **Member Contingency Fund** to help defray the costs of handling, investing, and reporting on the unobligated monies of the **Member Districts**.

G. PROPERTY CONTINGENCY FUND

1. The Agency may establish a fund for the purpose of self funding all or a portion of the Property Program. These monies shall be held for the **Member District** along with other **Agency** funds.
2. The name of this fund shall be the Property Contingency Fund.
3. The Property Contingency Fund may also be used to pay for items not covered under the **Agency's** pooled property program. The following are valid and permissible reasons to deposit monies into the Property Contingency Fund:
 - a. To cover the costs of non-covered claims;
 - b. To pay losses that exceed the coverage limits provided by the **Agency**;
 - c. To pay potential assessments to property program;

- d. To pay retained limits in the pooled property program;
 - e. To pay deposit premiums.
4. Withdrawals from the unobligated balances in the Property Contingency Fund may be made by request from a **Member District** within fifteen (15) days following the receipt of any quarterly report. No more than one (1) withdrawal may be made per quarter. The funds shall be disbursed no later than 30 days after the quarter has ended, however, requests for disbursement prior to the end of the current quarter will result in the forfeiture of interest accrued to the account during that quarter.
 5. Deposits of unobligated monies may be made by the **Member Districts** at any time.
 6. The unobligated monies held for the **Member Districts** may be commingled with other **Agency** funds only for the purposes of investment.
 7. The monies earned by investing the Property Contingency Fund shall be credited quarterly to the **Member Districts** that have maintained reserve balances during the preceding quarter. The pro rata share for each **Member District** shall be determined by a relationship of the average of the beginning and ending balances in the account as they relate to an average of the total beginning and ending balances.
 8. The **Agency** shall prepare a quarterly statement of monies held by the **Agency** for the **Member Districts** and shall provide same to each **Member District** who has monies in the Fund.

H. QUARTERLY STATEMENTS

1. The Administrator shall provide a copy of the interim financial statements to each **Member District** within 45 days after the end of each quarter.
2. The Administrator shall report the balance of all funds to the **Board** and each **Member District** within 45 days after the end of each quarter.

I. ANNUAL BUDGET

Annually, before the end of April, the Administrator will prepare a proposed budget of the estimated costs for the next **fiscal year** that shall include the estimated amounts that will be required to be paid by each **Member District** for the next **fiscal year**. The **Board** shall adopt an annual budget before the beginning of each **fiscal year**. Notice of the approved budget will be distributed to the **Member Districts**. The budget is separate and apart from any actual billing. The budget is only an estimate of expected costs and is not to be construed as a billing.

J. ANNUAL BILLING PROCESS

1. The **Agency** shall present a proposed budget to the **Board** for its adoption by the end of April each year. The budget shall be an estimate of the costs for providing all **insurance** and pooling coverage required for the **Fiscal Year** that begins the next July 1.
2. Upon adoption of the budget, **Agency** shall prepare an annual billing for each **Member District** which shall include the cost of Workers' Compensation, General and Auto Liability, Property, Boiler & Machinery, Auto Physical Damage, and Errors & Omissions **Insurance** and other approved **joint protection programs** for the next year.
3. All billings throughout the year shall be payable in one installment and will be considered delinquent 45 days after the invoice date.
4. Unless otherwise stipulated in a **Master Plan Document** for a **joint protection program**, delinquent installments shall be charged a two percent penalty and shall also be charged interest at the rate of ten percent per annum from the due date of the installment. Any portion of a month shall be charged as a whole month.
5. In the event a **Member District** fails to pay a delinquent billing, with the penalties and interest, then, in addition to any other remedies that may be available, the **Agency** may deduct such amounts from any refund due the **Member District**.
6. In the event that the approved budget amount for any coverage is insufficient to pay for that particular coverage, the **Board** hereby authorizes the **Agency** to prepare and submit to each **Member District** a "Supplemental Billing" which will be sufficient to pay in full the final cost of the coverage. This "Supplemental Billing" shall be delinquent if not paid within 120 days from the billing date and is subject to the same penalties as in paragraph 4 above.

K. REFUNDS UPON WITHDRAWAL OR INVOLUNTARY TERMINATION

The following shall apply to refunding program and other funds to **Member Districts** that withdraw or are involuntarily terminated:

1. **Member Contingency Funds** - Subject to the rights of the **Agency** under ARTICLE XVIII of the **Agreement**, **Member Contingency Funds** shall be returned in compliance with ARTICLE X(F) of these Bylaws.
2. **Property Contingency Funds** - Subject to the rights of **Agency** under ARTICLE XVIII of the **Agreement**, Property Contingency Funds shall be returned in compliance with ARTICLE X(G) of these Bylaws.
3. **Workers' Compensation Pool Funds** - These funds shall be held in compliance with the provisions of the **Master Plan Document** for the Pooled Workers' Compensation Program. Funds in the Mid-layer and Aggregate Pools are non-equity funds and, therefore, no refunds shall be made.

4. Liability Pool Funds - These funds shall be held in compliance with the provisions of the **Master Plan Document** for the Pooled Liability Program. Funds in the Mid-layer and Aggregate Pools are non-equity funds and, therefore, no refunds shall be made.
5. Auto Physical Damage Funds - This program is a non-equity program and, therefore, no refunds shall be made.
6. Property Pool Funds - This program is a non-equity program and, therefore, no refunds shall be made.
7. Short Rate Refunds - Any short rate refund(s) obtained from the **insurance** company due to the voluntary withdrawal or involuntary termination of a **Member District** shall be returned to the respective **Member District** within thirty days of receipt from the **insurance** carrier.

L. PENALTY FOR UNTIMELY SUBMISSION OF REQUIRED DATA

Failure to provide data required by the **Agency** in a timely manner shall result in the following:

1. First Offense - a warning shall be sent to the **Member District**.
2. Second Offense - the Manager who represents the **Member District** shall be required to appear before the **Board** to explain why the **Member District** cannot comply with these requirements. Failure to appear shall automatically trigger the penalty for the fourth offense.
3. Third Offense - the **Member District** shall be charged a \$500 penalty which is due and payable within 30 days.
4. Fourth Offense - all **premiums** and assessments for the next **fiscal year** shall be increased by five percent.

M. BONDING

All persons who are authorized to sign warrants and/or receive or handle monies shall be bonded for at least \$500,000 each. The cost of such bonds shall be paid by the **Agency**.

N. WARRANTS

In order to be valid and negotiable, general warrants for the **Agency** must be properly approved by two officers of the **Agency**. The following officers shall have authority to approve warrants on behalf of the **Agency**: President, 1st Vice President, 2nd Vice President, and the Treasurer/Auditor.

ARTICLE XI

EXPENSES

A. EXPENSES

Those individuals serving on behalf of the **Agency** as a **Board** Director, Executive Committee member, and/or advisory council or other committee member, shall be reimbursed by the **Agency** for reasonable expenses incurred while serving in such capacity. These expenses shall include, but not be limited to, all charges for meals, lodging, airfare, and the cost to travel by automobile at the rate per mile established by the **Board**. The **Board** may adopt a reimbursement policy that may limit the amount and types of expenses reimbursable by the **Agency**.

B. EXPENSES FOR OTHER MEMBERS

Individual **Member District** representatives, who are not on the **Board**, but are serving on authorized committees, or performing other assigned functions for the **Agency** shall be compensated as in (A) above on approval of the **Board**.

ARTICLE XII DISPUTES OR CLAIMS BETWEEN MEMBER DISTRICTS

After being notified in writing that one **Member District** has filed a formal complaint against another, the **Agency's** Administrator, Risk Manager, Litigation Manager, Assistant Treasurer, or Secretary can no longer act on behalf of either **Member District**, without written consent of all involved **Member Districts**, insofar as the case giving rise to the claim is concerned, if the claim involves a risk area or areas in which each of the involved **Member Districts** is a participating **Member District**.

ARTICLE XIII AMENDMENTS

These Bylaws may be amended at any time by a two-thirds vote of the **Board of Directors** present and voting at a regular or special meeting following a thirty day written notice to each member of the Executive Committee, each member of the **Board of Directors**, and each **Member District** as to the amendment proposed to be adopted except that these Bylaws cannot be amended in any way that would conflict with the terms and provisions of the Joint Exercise of Powers **Agreement** or State law.

ARTICLE XIV NOTICES

A. NOTICES TO THE AGENCY

Notices to the **Agency** shall be in writing and given by delivery of such notice to the mailing address of the **Agency**.

B. NOTICES TO MEMBER DISTRICTS

Notices to **Member Districts** shall be in writing and given by delivery of such notice to the appointed representative of each **Member District** or mailed to the address of record.

C. CLAIMS AGAINST THE AGENCY

Claims against the **Agency**, other than claims presented pursuant to ARTICLE VII, shall be presented to the mailing address of the **Agency**.

ARTICLE XV
ARTICLES, SECTIONS, AND PARAGRAPHS

A. ARTICLES

The principal divisions of these Bylaws are "ARTICLES" followed by Roman numerals.

B. SECTIONS

The principal divisions of articles are "SECTIONS" identified by upper case letters.

C. PARAGRAPHS

The principal divisions of sections are "PARAGRAPHS" identified in Arabic numbers.

ARTICLE XVI
EFFECTIVE DATE

A. EFFECTIVE DATE AND SUPERSESSION

These Bylaws and any Bylaws amendment shall be effective immediately upon the date of approval.

The adoption of the Bylaws shall supersede any prior amendments, by resolution or otherwise and to the extent that prior amendments are not included or are contradictory to any provisions contained herein, they are hereby specifically revoked.