

BAY AREA SCHOOLS INSURANCE COOPERATIVE

BYLAWS

Statement of Purpose

The Bay Area Schools Insurance Cooperative (hereinafter “B.A.S.I.C.” or “the Authority”) is established for the purpose of implementing, operating, and maintaining self-insurance and/or group purchase insurance programs and related loss-control programs and services for the public educational agencies that become Members of B.A.S.I.C. These Bylaws, in addition to the B.A.S.I.C. Joint Exercise of Powers Agreement (the “Joint Powers Agreement”) and the applicable Program Addendum(s), shall govern B.A.S.I.C.’s operations.

Article I Membership

Section 1 - Who May Apply For Membership

Any public educational agency in the State of California is eligible for membership, subject to any limitations contained in the Joint Powers Agreement, these Bylaws, or the Program Addendum(s). A public educational agency shall, for purposes of the Joint Powers Agreement and these Bylaws, be defined as a Public School District, County Superintendent of Schools, Community College District, Public Education Joint Powers Authority, or Charter School. Each party which becomes a Member shall be entitled to the rights and privileges of, and shall be subject to the obligations of, membership as provided in these documents. Should any Member reorganize in accordance with California law, the successor-in-interest or successors-in-interest to the rights and obligations of any such reorganized Member may be substituted as a Member.

Section 2 - How to Apply for Membership

Public educational agencies, as defined above, applying for membership in B.A.S.I.C. and participation in any B.A.S.I.C. program(s) after July 1, 1998, shall be subject to the following conditions:

- A. Submission of a formal letter requesting membership.
- B. Completion of an Application for Membership.
- C. Review of the applicant’s past claims experience, risk management practices and other criteria as determined by the Board of Directors. If it is determined that an actuarial study is necessary to determine the effect of the applicant’s membership on B.A.S.I.C.’s then current Members, the applicant will be requested to submit to an actuarial study to be conducted at its own expense. The actuary shall be selected by B.A.S.I.C.

- D. Determination of eligibility by the Board of Directors, and determination by the Board of the terms and conditions under which the new applicant may be admitted to B.A.S.I.C.
- E. Following the above determination, the Board of Directors will request from the applicant an executed copy of the Joint Powers Agreement together with a formal resolution duly adopted by the applicant's appropriate governing body.
- F. Any Public Educational Agency, as defined herein, shall become a Member upon majority approval by those present at a Board meeting, provided a quorum is present.

Section 3 - Member Representation on Board of Directors

Upon admission to membership in the Authority, each new Member agency shall become eligible to appoint one (1) primary representative and one (1) alternate representative to sit on the Board of Directors. Members are responsible for having their designated representatives:

- A. Read meeting agendas and minutes;
- B. Attend Board meetings and, when appropriate, attend other Committee meetings; and,
- C. Disseminate information to appropriate personnel within the Member entity.

**Article II
Joint Powers Board of Directors**

Section 1 - Formation

A Joint Powers Authority Board of Directors, hereinafter referred to as the Board of Directors, is hereby established for the Bay Area Schools Insurance Cooperative (B.A.S.I.C.).

Section 2 - Appointment

Each Member of B.A.S.I.C. shall be entitled to one (1) seats on the Board of Directors and shall appoint one (1) primary representative and one (1) alternate representative, both of whom shall be designated in writing. Both representatives shall be employees or Directors of the B.A.S.I.C. Member, and may not be independent contractors or consultants.

Section 3 - Voting

- A. Votes may be cast only by the designated primary representative, or alternate representative in the absence of the primary representative, who is in attendance at a meeting in accordance with California law governing public meetings. There shall be no proxy voting.
- B. Each designated representative shall have the right to vote on any issue before the Board of Directors.

- C. Each board representative shall have one vote. A vote of the majority of those board representatives present and eligible to vote shall be sufficient to constitute valid action by the Board, provided that a quorum is present.
- D. If the voting board representative represents a Joint Powers Authority, the vote cast by the Member Joint Powers Authority's representative will be binding on all individual members of that Joint Powers Authority.

Section 4 - Meetings

The Board of Directors may conduct regular, special, and emergency meetings, provided, however, that it will hold at least one (1) meeting each fiscal year. All meetings of the Board of Directors shall be called, held, and conducted in accordance with the terms and provisions of the Ralph M. Brown Act, California Government Code section 54950, *et seq.*, as presently existing or as subsequently amended. Except as otherwise provided or permitted by law, all meetings of the Board of Directors shall be open to the public. The Board of Directors shall cause minutes of all meetings to be kept, except that no minutes shall be kept of closed sessions.

A majority of the Board of Directors shall constitute a quorum for the transaction of business. A simple majority vote of those present at any regular meeting of the Board of Directors shall be sufficient for the transaction of business, provided that a quorum is present, except as otherwise required herein.

Section 5 - Officers

The officers of the Authority shall be a President, a Vice-President, and a Secretary-Treasurer/Auditor, who shall be elected in even numbered years by and from the Board of Directors. Officers shall serve two (2) year terms. Any person elected or appointed as an officer may be removed at any time by the Board of Directors, with or without cause, and all vacancies, however arising, may be filled by the affirmative vote of a majority of the Board of Directors.

- A. The President shall conduct all Board of Directors meetings; shall see that all orders, policies, procedures, and resolutions of the Board of Directors are carried out; and may, at the President's option, 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.
- B. 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.
- C. The Secretary-Treasurer/Auditor shall insure that all minutes, correspondence, and documents are properly executed and stored, and that notices of all meetings are posted as required by law, and shall be the custodian of the financial records and property of the Joint Powers Authority. The Secretary-Treasurer/Auditor shall perform those duties required by Government Code section 6505.5, including the following:

- (1) Receive and receipt for all money of B.A.S.I.C. and place it in B.A.S.I.C.'s treasury;
 - (2) Be responsible, on his or her official bond, for the safekeeping and disbursement of all B.A.S.I.C. money so held by him or her;
 - (3) Draw, or cause to be drawn, warrants to pay demands against the Authority when the demands have been approved by the President; and
 - (4) Such other duties as may be provided by the Board, the Joint Powers Agreement, or these Bylaws.
- D. Should a conflict of interest arise which involves the President, the Vice President shall conduct that portion of the meeting which entails the conflict.

Section 6 - Functions of the Board of Directors

- A. The Board of Directors shall govern B.A.S.I.C. and shall have the authority to carry out all functions of the Joint Powers Agreement, the Bylaws, and the Addendum(s).
- B. The Board of Directors shall annually adopt a tentative budget prior to June 30. The tentative budget shall show the purposes for which B.A.S.I.C. will need money and the estimated amount of money that will be needed.
- C. The Board of Directors shall determine what services are needed and how they shall be obtained.
- D. The Board of Directors may appoint and dissolve working committees from its active membership, or may contract for services of others, in keeping with the Joint Powers Agreement, these Bylaws, and the laws of the State of California.
- E. The Board of Directors shall annually approve the formulas and methods by which contributions will be paid to B.A.S.I.C.
- F. The Board of Directors shall have the power to levy assessments for additional contributions of funds against, and the power to collect payment of such assessments from, both current and former B.A.S.I.C. members and B.A.S.I.C. Program participants when, in the sole discretion of the B.A.S.I.C. Board, such additional funds are needed to maintain or restore the financial integrity of any fund established by B.A.S.I.C. to further any of the purposes of B.A.S.I.C. The Board of Directors shall approve all assessments, equity refunds and program changes.
- G. The Board of Directors shall contract with a Certified Public Accounting firm to perform an annual audit of the accounts and records of B.A.S.I.C. The minimum requirements of the audit shall be those prescribed by the State Controller for Special Districts under Section 26909 of the California Government Code, and

shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a Certified Public Accounting firm, a report thereof shall be filed as a public record with each of the parties to the Agreement, and also with the County Auditor/Controller in each county represented by a Member. Such report shall be filed within twelve (12) months with the County Auditors pursuant to California Government Code Section 6505, and shall be filed within twelve (12) months following the end of the fiscal year under examination. Any costs of the audit(s) provided herein shall be borne by B.A.S.I.C.

- H. The Board of Directors shall ensure that a complete and accurate system of accounting for the funds of B.A.S.I.C. shall be maintained at all times consistent with established generally accepted accounting principles, and particularly those accounting principles promulgated by the Government Accounting Standards Board, as presently existing or as subsequently amended.
- I. The Board of Directors shall maintain or cause to be maintained accurate loss records for all risks pooled or insured against and for all claims paid.

Section 7 - Committees

As needed, the Board of Directors may establish committees to investigate, study, and make recommendations to the Board of Directors as appropriate. Membership of the committees may include representatives of Members other than Board members.

Section 8 - Rules of the Board of Directors

- A. No one serving on the Board of Directors shall receive any salary or compensation from B.A.S.I.C. for such service.
- B. The Board of Directors may approve reimbursement to members for expenses incurred at its direction.
- C. The Board of Directors may establish rules and procedures governing its own conduct, and may have such expressed or implied authority as is not inconsistent with or contrary to the laws of the State of California, or any other applicable law, these Bylaws, or the Joint Powers Agreement.
- D. Members of the Board of Directors and their alternates shall be required to file annual Statements of Economic Interests pursuant to California Government Code Section 87200 and B.A.S.I.C.'s Conflict of Interest Policy.

Article III Executive Committee

Section 1 - Formation

An Executive Committee may be established at a later date by the Board of Directors if in the opinion of the Board of Directors the need arises.

Article IV Finance

Section 1 - Budget Year

B.A.S.I.C. shall operate on a fiscal year from July 1st through June 30th.

Section 2 - Budget Adoption

The Board of Directors shall adopt, on or before June 30, a tentative budget estimating the amount of money that will be needed for the ensuing year. On or before October 1, the Board of Directors shall adopt a final budget showing each of the purposes for which B.A.S.I.C. will need money for the current fiscal year.

Section 3 - Program Funds

- A. A separate fund shall be kept for each Program administered by B.A.S.I.C. A separate system of records shall be maintained for each Program administered by B.A.S.I.C. All contributions shall be credited to the proper Program Fund, and all claims and other expenditures shall be paid from the appropriate Program Fund.
- B. Members within a Program (including former Members) shall share any equity refunds or any liability for deficit assessments, if any, on a pro-rata basis. Each Member's or former Member's share of refunds or assessments shall be calculated by dividing each Member's total contributions to that Program Fund during the years that produced the surplus funds or the deficit of funds, by the total funds contributed by all Members to that Program Fund during the same time period.

Section 4 - Member Contributions

Each Member shall pay contributions to B.A.S.I.C. pursuant to the Program Addendum(s). A penalty may be assessed for late contributions, as determined by the Board of Directors.

Article V Accounts and Records

Section 1 - Inspection

Books and records of B.A.S.I.C. shall be open to inspection at all reasonable times by representatives of its Members.

Section 2 - Warrants and Expenses

The signatures of two (2) of the following persons shall be required on all warrants issued by B.A.S.I.C.: President, Vice-President, Secretary-Treasurer/Auditor, Executive Director, Accounting Manager.

Article VI Termination

Section 1 - Voluntary Termination

Voluntary termination by a member shall be subject to the rules specified in the Program Addendum for the Program in which the Member wishes to terminate its participation.

Section 2 - Involuntary Termination

- A. A Member may be involuntarily terminated from the Authority or from any Program at any time upon a vote of two-thirds (2/3) of the Board of Directors. Involuntary termination from the Authority shall have the effect of terminating the agency's status as a Member of the Authority, effective at the end of the fiscal year in which the action is taken, or upon such other date as the Board of Directors may specify.
- B. Grounds for involuntary termination include, *but are not limited to*, the following:
 - (1) Failure or refusal of a Member to abide by the Joint Powers Agreement, the Bylaws, or the Program Addendum(s), or any amendment to any of said documents, or any Memorandum of Coverage.
 - (2) Failure or refusal to pay contributions or assessments to the Authority as determined by the Board of Directors and as provided in the Program Addendum(s).
 - (3) Persistent failure or refusal to follow established Risk Management guidelines, practices, or policies established by the Board of Directors.

Any Member that is involuntarily terminated is subject to the same withdrawal provisions established by the Joint Powers Agreement and the Program Addendum(s).

Section 3 - Duties of Former Members, Following Termination of Membership or of Program Participation

The Termination of Membership in B.A.S.I.C. or of participation in a B.A.S.I.C. Program, whether voluntary or involuntary, shall not affect any of the Member's rights or liabilities arising out of events that occurred during the time the agency was a Member of B.A.S.I.C. or a participant in a B.A.S.I.C. Program. Thus, for example, if the B.A.S.I.C. Board declares a deficit in a Program Fund arising out of a year in which the terminated Member was a participant in that Program, the terminated Member will remain liable for its appropriate share of any deficit assessment that the B.A.S.I.C. Board levies in order to maintain or restore the financial integrity of that Fund.

Article VII Investment of Funds

Section 1 - Authority

The Treasurer shall have the power to invest or cause to be invested in compliance with Section 6509.5 of the California Government Code, such funds as are not necessary for the immediate operation of B.A.S.I.C. in such investment instruments allowed by Section 53601 of the California Government Code. Funds invested on behalf of B.A.S.I.C. shall be invested in compliance with B.A.S.I.C.'s Investment Policy.

Article VIII Amendments

Section 1 - Procedure

Amendments to these Bylaws or to any Program Addendum(s) must be approved by a majority vote of the Members present at a B.A.S.I.C. Board meeting, provided a quorum is in attendance at said meeting. Such amendments shall be binding upon all Members of B.A.S.I.C. The effective date of any amendment shall be on the first day of the month following adoption, unless otherwise stated in the enactment of the amendment.

Article IX Liability and Indemnification

Section 1 - Members

Pursuant to the provisions of California Government Code section 895 *et seq.*, each Member of B.A.S.I.C. agrees to defend, indemnify and hold harmless each other Member from any liability, claim, or judgment for injury or damages caused by a negligent or wrongful act or omission of an agent, officer, and/or employee of the indemnifying Member which occurs in the course of, or arises out of, the performance of the B.A.S.I.C. Joint Powers Agreement, these Bylaws, or one or more B.A.S.I.C. Program Addendum(s).

Section 2 - JPA Board of Directors

The Members of the Board of Directors are hereby indemnified and B.A.S.I.C. does hereby agree to defend, indemnify and hold them, and each of them, free and harmless from all claims, expenses, demands, penalties, fines, forfeitures, judgments, settlements, attorney fees, and any other amounts whatsoever actually and reasonably incurred or threatened by reason of, or as a result of, their official participation and action in pursuance of the execution or the administration of the B.A.S.I.C. Joint Powers Agreement, the Bylaws, or any B.A.S.I.C. Program Addendum(s), and the operation of the Joint Powers Authority created hereunder, including but not limited to amounts arising out of or by reason of any judicial or quasi-judicial action or proceeding, whether civil, criminal, administrative or investigative, provided that it appear to the satisfaction of the Board of Directors that the indemnitee acted in good faith and in a manner reasonably believed by him or her to be in the best interest of B.A.S.I.C., or that such person reasonably believed his or her actions to be in the best interest of B.A.S.I.C., or that such person

had reasonable cause to believe that his or her conduct under the circumstances was not unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or plea of *nolo contendere* or its equivalent shall not, for purposes of this indemnification agreement, of itself create any presumption that the indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in the best interest of B.A.S.I.C., nor any presumption that such person had reasonable cause to believe that his or her conduct under the circumstances was unlawful. This provision of indemnity shall not be construed to obligate B.A.S.I.C. to pay any liability, including but not limited to punitive damages, which by law would be contrary to public policy or itself unlawful. The Board of Directors in its discretion may provide for errors and omissions insurance coverage for directors, officers, and employees of B.A.S.I.C., at B.A.S.I.C.'s expense.

**Article X
Severability**

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

**Article XI
Effective Date**

These Bylaws shall become effective upon the date of the initial execution, by B.A.S.I.C.'s original Members, of the Joint Exercise of Powers Agreement. Amendments to these Bylaws shall become effective on the first day of the month following the adoption of the amendment, unless otherwise stated in the enactment of the amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth hereinbelow.

Member Entity: _____

Date: _____

By: _____

Title: _____