

Member Cities

Capitola
Del Rey Oaks
Gonzales
Greenfield
Hollister
King City
Marina
Sand City
Scotts Valley
Soledad

AGENDA

JPA: MBASIA Executive Committee Meetings

DATES/TIMES: Tuesday, January 29, 2013 @ 9AM

LOCATION: City of Scotts Valley
One Civic Center Drive
Scotts Valley, CA 95066

LEGEND:

A – Action may be taken
I – Information

1 – Included

2 – Handout

3 – Separate

4 – Verbal

In accordance with the requirements of the Brown Act, notice of this meeting must be posted in publicly accessible places, 72 hours in advance of the meeting, in each of the member agencies involved.

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant Insurance Services at (415) 403-1400, 24 hours in advance of the meeting. Access to some buildings may require routine provision of identification to building security. However, MBASIA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

PAGE

A. CALL TO ORDER

B. CONSENT CALENDAR

- none

(A)

C. ORAL COMMUNICATIONS & PUBLIC COMMENTS

The public is invited at this point to address the Board on issues of interest to them.

(I)

D. EXECUTIVE COMMITTEE

1) MBASIA JPA Agreement and Bylaws Review

Members will review the JPA Agreement and Bylaws to determine if a Board review is required.

(A)

ADJOURNMENT

**Item No. D.1
Executive Committee
January 29, 2013**

COMMITTEE ASSIGNMENTS

ISSUE: The Executive Committee will review the current JPA Agreement and MBASIA's Bylaws to determine if a further review will be recommended for the Board of Directors February Board Meeting.

RECOMMENDATION: It is recommended that the Committee review the current governing documents and take action or give direction.

FISCAL IMPACT: No financial impact is expected from today's meeting.

BACKGROUND: Members expressed concern with the current language in the governing documents, so the Executive Committee will review the terms of membership and report to the Board if necessary.

ATTACHMENT: MBASIA's JPA Agreement and Bylaws.

**AMENDED AND RESTATED JOINT POWERS AGREEMENT
RELATING TO THE
MONTEREY BAY AREA SELF-INSURANCE AUTHORITY**

THIS AMENDED AND RESTATED JOINT POWERS AGREEMENT (the "Agreement") is made and entered into by and among the public agencies (the "Members") organized and existing under the laws of the State of California, which are signatories to this Agreement.

RECITALS

WHEREAS, California Government Code Section 6500 *et seq.* (the "Act") provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, purchase insurance through a surplus line broker, or any combination of these; and

WHEREAS, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4; and

WHEREAS, the parties to this Agreement desire to join together for the purposes set forth in Article 2 hereof, including establishing pools for self-insured losses and purchasing Excess or Re-Insurance and administrative services in connection with joint protection programs (the "Programs") for Members of the Monterey Bay Area Self-Insurance Authority, formerly known as the Monterey Bay Area Self-Insurance Fund ("Authority"); and

WHEREAS, the Members have previously executed that certain Joint Powers Agreement establishing the Monterey Bay Area Self-Insurance Fund, which the Members desire to amend and restate by this Agreement; provided that such amendment and restatement shall not affect the existence of the Authority; and

WHEREAS, the City of Seaside, one of the member public entities of the Joint Powers Agreement establishing the Monterey Bay Area Self-Insurance Fund has complied with all previous terms and provisions of the then existing agreement and has withdrawn its membership in that Joint Powers Agreement;

NOW, THEREFORE, the cities of Capitola, Gonzales, Greenfield, Hollister, King City, Marina, Scotts Valley, Soledad, Sand City, and Del Rey Oaks, each of them in consideration of the mutual promises and agreements hereinafter stated and the performance thereof, do hereby agree as follows:

Article 1. Definitions. The following definitions shall apply to the provisions of this agreement:

"Act" means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended or supplemented.

"Assessment" means an amount in addition to the Member's or Former Member's Contribution which the Board of Directors determines in accordance herewith and/or that a Member or Former Member owes on account of its participation in, or the financing of, a Program for a given Program year.

"Authority" shall mean the Monterey Bay Area Self-Insurance Authority initially created by the original Joint Powers Agreement Relating to the Monterey Bay Area Self-Insurance Fund.

"Board of Directors" or "Board" shall mean the governing body of the Authority.

"Bonds" shall mean bonds, notes or other obligations issued or incurred by the Authority in order to finance or refinance any Program or Claims.

"Bylaws" means the Bylaws of the Authority adopted by the Board of Directors, as they may be amended from time to time.

"Chief Executive Officer" shall mean that employee or officer of the Authority or of a Member who is so appointed by the Board of Directors.

"Claim" shall mean a demand made by or against a Member or Former Member which is or may be covered by one of the Programs approved by the Board of Directors.

"Contribution" means the amount determined by the Board of Directors to be the appropriate sum which a Member should pay at the commencement of or during the Program Year in exchange for the benefits provided by the Program, including all amounts necessary to pay claims, debt service on Bonds and all other costs or expenses of a Program.

"Coverage Documents" shall mean the Declarations, Memorandum of Coverages, Coverage Agreements, Endorsements, Policies of Insurance or any other documents that provide the terms, conditions, limits and exclusions of coverage afforded by a Program.

"Director" shall mean the city manager or chief executive officer of a member, or an alternate appointed by a city manager or chief executive officer.

"Duly Constituted Board Meeting" shall mean any Board of Directors meeting noticed and held in the required manner and at which a quorum was determined in accordance with the Bylaws to be present at the beginning of the meeting.

"Estimated Contribution" means the amount which the Board of Directors estimates will be the appropriate contribution for a Member's participation in a Program for a Program Year.

"Excess Insurance or Re-Insurance" shall mean that insurance which may be purchased on behalf of the Authority and/or the Members to protect the funds of the Members or Former Members against catastrophic losses or an unusual frequency of losses during a single year in excess of the self-insurance retention maintained by the Authority.

"Fiscal Year" shall mean that period of twelve months which is established as the fiscal year of the Authority.

"Former Member" shall mean a city or other public entity which was a signatory to the Agreement but which has withdrawn from or been involuntarily terminated from participating in the Authority.

"Joint Protection Program" means a Program offered by the Authority, separate and distinct from other Programs, wherein Members will jointly pool their losses and claims, jointly purchase Excess or Re-Insurance and administrative and other services, including claims adjusting, data processing, risk management consulting, loss prevention, legal and related services.

"Member" shall mean a signatory to this Agreement, which is qualified as a Member under the provisions of this Agreement and the Bylaws.

"Program" or "Programs" means the specific type of protection plan as set forth in the terms, conditions and exclusions of the Coverage Documents for self-insured losses, and the purchasing of Excess or Re-Insurance and administrative services.

"Retained Earnings", as used herein, shall mean an equity account reflecting the accumulated earnings of a Joint Protection Program.

Article 2. Purposes. This Agreement is entered into by the Members pursuant to the provisions of California Government Code Section 990, 990.4, 990.8 and 6500 *et seq.* in order to provide, subject to the provisions of the Coverage Documents, economical public liability and workers' compensation coverage, or coverage for other risks which the Board of Directors may determine.

Additional purposes are to reduce the amount and frequency of losses, and to decrease the cost incurred by Members in the handling and litigation of claims. These purposes shall be accomplished through the exercise of the powers of such Members jointly in the creation of a separate entity, namely the Monterey Bay Area Self-Insurance Authority (the "Authority"), to establish and administer Programs as set forth herein and in the Bylaws.

It is also the purpose of this Agreement to provide, to the extent permitted by law, for the inclusion at a subsequent date, and subject to approval by the Board of Directors, of such additional Members organized and existing under the laws of the State of California as may desire to become parties to the Agreement and Members of the Authority.

Article 3. Parties to Agreement. Each party to this Agreement certifies that it intends to, and does contract with all other parties who are signatories to this Agreement and, in addition, with such other parties as may later be added as parties to and signatories of this Agreement pursuant to Article 18. Each party to this Agreement also certifies that the withdrawal from or cancellation of membership by any Member, pursuant to Articles 19, 20 and 21, or otherwise, shall not affect this Agreement nor such party's intent, as described above, to contract with the other remaining parties to the Agreement.

Article 4. Term of Agreement. This Agreement shall become effective as to existing Members of the Authority as set forth in Article 34 hereof. This Agreement shall continue thereafter until terminated as hereinafter provided. This Agreement shall become effective as to each new Member upon: (i) approval of its membership by the Board of Directors, (ii) the execution of this Agreement by the Member, and (iii) upon payment by the Member of its initial

Contribution for a Program. Any subsequent amendments to the Agreement shall be in accordance with Article 28 of this Agreement.

Article 5. Creation of Authority. Pursuant to the Act, there is hereby created a public entity separate and apart from the parties hereto, to be known as the Monterey Bay Area Self-Insurance Authority. Pursuant to Section 6508.1 of the Act, the debts, liabilities and obligations of the Authority, including but not limited to, debts, liabilities and obligations of any of the Programs shall not constitute debts, liabilities or obligations of any party to this Agreement or to any Member or Former Member.

The Authority is not an insurer, and the coverage programs offered by the Authority do not provide insurance, but instead provide for pooled joint protection programs among the members of the Authority. The Joint Protection Programs offered by the Authority constitute negotiated agreements among the Members which are to be interpreted according to the principles of contract law, giving full effect to the intent of the Members, acting through the Board of Directors in establishing the Programs.

Article 6. Powers of Authority.

(a) The Authority shall have all of the powers common to Members and is hereby authorized to do all acts necessary for the exercise of said common powers, including, but not limited to, any or all of the following:

(1) to make and enter into contracts, including the power to accept the assignment of contracts or other obligations which relate to the purposes of the Authority, or which were entered into by a Member or Former Member prior to joining the Authority, and to make claims, acquire assets and incur liabilities;

(2) to incur debts, liabilities, or other obligations, including those which are not debts, liabilities or obligations of the Members or Former Members, or any of them;

(3) to charge and collect Contributions and Assessments from Members or Former Members for participation in Programs;

(4) to receive grants and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;

(5) to acquire, hold, lease or dispose of property, contributions and donations of property and other forms of assistance from persons, firms, corporations and governmental entities;

(6) to acquire, hold or dispose of funds, services, donations and other forms of assistance from persons, firms, corporations and governmental entities;

(7) to employ agents and employees, and/or to contract for such services;

(8) to incur long term debt, including the issuance of Bonds, notes and liabilities or other obligations to finance the Programs if seventy-five percent (75%) of the Members voting agree, and enter into agreements with respect thereto and to exercise any other powers available to the Authority under Article 2 or Article 4 of the Act;

(9) to enter into agreements for the creation of separate public entities and agencies pursuant to the Act;

(10) to sue and be sued in its own name;

(11) to exercise all powers and perform all acts as otherwise provided for in the Bylaws.

(b) Said powers shall be exercised pursuant to the terms hereof, in the manner provided by law and in accordance with Section 6509 of the Act. The foregoing powers shall be subject to the restrictions upon the manner of exercising such powers pertaining to the Member or Former Member designated in the Bylaws.

Article 7. Board of Directors. Subject to the limitations of this Agreement and the laws of the State of California, the powers of this Authority shall be vested in and exercised by, and its property controlled and its affairs conducted by, the Board of the Authority, which is hereby established and designated as the agency to administer this Agreement pursuant to Section 6506 of the Act. The powers of the Authority shall be exercised through the Board of Directors, who may, from time to time, adopt and modify Bylaws and other rules and regulations for that purpose and for the conduct of its meetings as it may deem proper. The officers of the Board shall be set forth in the Bylaws.

The Board of Directors shall be composed of a Director from each Member that has executed the Agreement and is participating in a Joint Protection Program. Each director on the Board shall have one vote. Each director on the Board shall serve as set forth in the Bylaws.

Article 8. Compliance with the Brown Act. All meetings of the Board, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code Section 54950 *et seq.*

Article 9. Powers of the Board of Directors. The Board of Directors shall have such powers and functions as provided for pursuant to this Agreement and the Bylaws and such additional powers as necessary or appropriate to fulfill the purposes of this Agreement and the Bylaws, including, but not limited to, the following:

(a) to exercise all powers to conduct all business of the Authority;

(b) to determine details of and select the Program or Programs to be offered, from time to time, by the Authority;

(c) to determine and select all insurance, including Excess or Re-Insurance, necessary to carry out the programs of the Authority;

(d) to contract for, develop or provide through its own employees various services for the Authority;

(e) to prepare or cause to be prepared the operating budget of the Authority for each fiscal year;

(f) to receive and act upon reports of committees and from the Chief Executive

Officer;

(g) to appoint staff, including a Chief Executive Officer, and employ such persons as the Board of Directors deems necessary for the administration of this Authority;

(h) to direct, subject to the terms and conditions of the Coverage Documents, the payment, adjustment, and defense of all claims involving a Member during their period of membership in and coverage under a Program;

(i) to fix and collect from time to time Contributions and Assessments for participation in the Programs;

(j) to expend funds of the Authority for the purpose of carrying out the provisions of the Agreement and the Bylaws as they now exist or may be hereafter amended;

(k) to purchase excess insurance, liability insurance, stop loss insurance, officers and directors liability insurance, and such other insurance as the Authority may deem necessary or proper to protect the Program, employees of the Authority and employees of the Members;

(l) to defend, pay, compromise, adjust and settle all claims as provided for in the Coverage Documents;

(m) to obtain a fidelity bond in such amount as the Board of Directors may determine for any person or persons who have charge of or the authority to expend funds for the Authority;

(n) to establish policies and procedures for the operation of the Authority and the Programs;

(o) to engage, retain, and discharge agents, representatives, firms, or other organizations as the Board of Directors deems necessary for the administration of the Authority;

(p) to enter into any and all contracts or agreements necessary or appropriate to carry out the purposes and actions of the Authority;

(q) to acquire, hold, lease, manage and dispose of, as provided by law, any and all property necessary or appropriate to carry out the purposes and functions of the Authority;

(r) to transact any other business which is within the powers of the Board of Directors;

(s) to invest funds on hand in a manner authorized by law, the Agreement and the Bylaws;

(t) to incur indebtedness for the Authority or provide for the issuance of Bonds, and to establish the terms and conditions of such indebtedness;

(u) to provide financial administration, claims management services, legal representations, safety engineering, annual audits, actuarial services, and other services necessary or proper to carry out the purposes of the Authority either through its own employees or contracts with one or more third parties;

(v) to exercise general supervisory and policy control over the Chief Executive Officer;

(w) to establish committees and sub-committees as it deems necessary to best serve the interests of the Authority;

(x) to take such actions as may be necessary to enforce this Agreement against any Member; and

(y) to have such other powers and functions as are provided for pursuant to the Act, this Agreement or necessary or appropriate to fulfill the purpose of this Agreement and the Bylaws.

Article 10. Committees of the Board. Committees established by the Board shall be standing or special. Each committee shall exercise such power and carry out such functions as are designated by this Agreement or the Bylaws or as delegated to it by the Board or an Executive Committee. Except as otherwise provided by the Board, or these Bylaws, such committees shall be advisory only and subject to the control of the Board or an Executive Committee, whichever appoints them. Except as may otherwise be provided by the Board or by these Bylaws, any expenditure of funds by a committee shall require prior approval by the Board.

Article 11. Officers of the Authority. The officers of the Authority shall be as set forth in the Bylaws. The Board may elect or authorize the appointment of such other officers than those described in the Bylaws as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Agreement, or as the Board, from time to time, may authorize or determine.

Any officer may be removed, either with or without cause, by a majority of the Directors of the Board at any regular or special meeting of the Board. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other case, the Board may delegate the powers and duties of such office to any officers or to any Members of the Board until such time as a successor for said office has been appointed.

Article 12. Extension of Agreement. The provisions of this agreement may be extended to incorporate "pooling" of other forms of insurance, including fire insurance and liability insurance, under such conditions as are stated in an appropriate addendum to this agreement, provided each agency participating herein consents in writing to such increased or additional purpose and power.

Article 13. Provision for Bylaws. The Board shall promulgate Bylaws to govern the day-to-day operations of the Authority. The Board may amend the Bylaws from time to time as it deems necessary, and as provided in the Bylaws. Each Member shall receive a copy of any Bylaws and agrees to be bound by and to comply with all of the terms and conditions of the Bylaws as they exist or as they may be modified. The Bylaws shall be consistent with the terms of this agreement. In the event any provision of the Bylaws conflicts with a provision of this Agreement, the provision contained in this Agreement shall control.

Article 14. Coverage Programs.

(a) The Authority shall maintain such types and levels of coverage for

Programs as determined by the Board of Directors. Such coverage may provide for binding arbitration before an independent arbitration panel of any disputes concerning coverage between the Authority and a Member.

(b) The coverage afforded under one or more Programs may include protection for general liability, auto liability, property, boiler and machinery, public officials errors and omissions, employment practices, employee benefits liability coverage, employee dishonesty coverage, public officials personal liability coverage and workers' compensation, as well as coverage for other risks which the Board of Directors may determine to be advisable. More than one type of coverage may be afforded under a single Program.

(c) The Board of Directors may arrange for group policies to be issued for Members, their board members and employees interested in obtaining additional coverage, at an appropriate additional cost to those participating Members.

(d) The Board of Directors may arrange for the purchase of Excess or Re-Insurance. The Authority shall not be liable to any Member or to any other person or organization if such excess or re-insurance policies are terminated, canceled or non-renewed without prior notice to one or more Members, or if there is a reduction in the type of coverage afforded under a program by reason of any change in coverage in a succeeding excess or re-insurance policy, even if such reduction occurs without prior notice to one or more Members.

Article 15. Accounts and Records.

(a) **Annual Budget.** The Authority shall, pursuant to the Bylaws, annually adopt an operating budget, including budgets for each Joint Protection Program.

(b) **Funds and Accounts.** The Authority shall establish and maintain such funds and accounts as determined by the Board of Directors to be necessary or advisable and as may be required by generally accepted accounting principles, including separate funds and accounts for each Program, including Joint Protection Programs. Books and records of the Authority shall be open to any inspection at all reasonable times by authorized representatives of Members, or as otherwise required by law.

(c) **Investments.** Subject to the applicable provisions of any indenture, trust agreement, or resolution relating to the issuance of Bonds and providing for the investment of monies held thereunder, the Authority shall have the power to invest any money in the treasury that is not required for the immediate necessities of the Authority, as the Board determines is advisable, in the same manner as local agencies pursuant to California Government Code Sections 53601 *et seq.* (as such provisions may be amended or supplemented).

(d) **No Commingling.** The various funds, reserves and accounts of each Program shall not be commingled and shall be accounted for separately; provided, however, that administration and overhead expenses of the Authority not related to a specific Program or Programs may be fairly and equitably allocated among Programs as determined by the Board of Directors. Investments and cash accounts may be combined for administrative convenience, but a separate accounting shall be made for balances of individual funds and Program revenues and expenses.

(e) **Annual Audit.** The Board shall provide for a certified, annual audit of the accounts and records of the Authority.

Article 16. Services Provided by the Authority. The Authority may provide, at the sole discretion of the Board of Directors, the following services in connection with this Agreement:

- (a) to provide or procure coverage, including but not limited to self-insurance funds and commercial insurance, as well as excess coverage, re-insurance and umbrella insurance, by negotiation or bid, and purchase;
- (b) to assist Members in obtaining insurance coverage for risks not included within the coverage of the Authority;
- (c) to assist risk managers with the implementation of risk management functions as it relates to risks covered by the Programs in which the Member participates;
- (d) to provide loss prevention and safety consulting services to Members;
- (e) to provide claims adjusting and subrogation services for Claims covered by the Programs;
- (f) to provide loss analysis and control by the use of statistical analysis, data process, and record and file keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles;
- (g) to review Member contracts to determine sufficiency of indemnity and insurance provisions when requested;
- (h) to conduct risk management audits relating to the participation of Members in the Programs; and
- (i) to provide such other services as deemed appropriate by the Board of Directors.

Article 17. Responsibilities of Members. Members or Former Members shall have the following responsibilities, which shall survive the withdrawal from, or involuntary termination of participation in, this Agreement:

- (a) Each Member shall designate a person to be responsible for the risk management function within that Member and to serve as a liaison between the Member and the Authority as to risk management.
- (b) Each Member shall maintain an active safety officer and/or committee, and shall consider all recommendations of the Authority concerning unsafe practices and/or hazard mitigation.
- (c) Each Member shall maintain its own set of records, including a loss log, in all categories of risk covered by each Program in which it participates to insure accuracy of the Authority's loss reporting system, unless it is no longer deemed necessary by the Board of Directors.
- (d) Each Member shall pay its Contribution, and any adjustments thereto, and

any Assessments within the specified period set forth in the invoice, or as otherwise may be set forth herein or in the Bylaws. After withdrawal or termination, each Former Member or its successor shall pay promptly to the Authority its share of any additional Contribution, adjustments or Assessments, if any, as required of it by the Board of Directors under Article 22 or 23 of this Agreement or the Bylaws.

(e) Each Member or Former Member shall provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the Programs under this Agreement in which the Member or Former Member participates or has participated.

(f) Each Member or Former Member shall in any and all ways cooperate with and assist the Authority and any insurer of the Authority, in all matters relating to this Agreement and covered claims.

(g) Each Member or Former Member will comply with all Bylaws, rules and regulations adopted by the Board of Directors.

Article 18. New Members. The Authority shall allow entry into its Programs of new Members only upon approval of the Board, with any conditions or limitations as the Board deems appropriate.

Article 19. Voluntary Withdrawal of a Member.

Subject to Article 20, any member may voluntarily withdraw from the Authority if that Member has participated in the Authority for a minimum of three full Program years, and the Member's governing board gives notice to the Board of Directors of the Authority no later than March 1st of the preceding fiscal year of the Member's intent to withdraw from the Authority.

If withdrawal is permitted as set forth above, the Member's participation in the Authority shall terminate at the end of the fiscal year in which notice was given, provided, however, that any Member desiring to leave the Authority shall remain liable for all expenses in excess of Contribution until Claims of the withdrawing Member are settled and obligations to claimants met, the Member formally withdraws from the Authority, and the Member acknowledges that it has no interest in any of the assets of the Authority.

If additional funds are required to settle Claims or obligations of the terminating Member the Board may declare and collect the Assessments or Contributions necessary from the Member. After all Claims and obligations of the terminating Member are met the Board shall determine if any refund of Assessment or Contribution is due and refund such amount.

Article 20. Worker's Compensation Program Financing Requirements

Each Member acknowledges that the Authority intends to issue, during calendar year 2004, Bonds in order to fund reserves that the Authority has determined are currently inadequate for the Claims to be paid by the Authority with respect to its worker's compensation program incurred prior to June 30, 2003, and that the debt service on such Bonds will be payable primarily from a portion of the annual worker's compensation Contributions paid by each Member for the Claims incurred prior to June 30, 2003. Accordingly, each Member agrees and acknowledges that, so long as any such Bonds are outstanding or any other amounts remain owing with respect thereto, (i) that it will not withdraw from the Authority (and any attempted withdrawal will be null and void), (ii) that it will obtain its worker's compensation

insurance coverage solely through the Authority or in connection with the Authority (except for any self-funded retention and any excess worker's compensation coverage), (iii) that a portion of the worker's compensation Assessments and Contributions charged to the Member will be used to pay debt service on such Bonds, or to provide for costs, expenses, reserves or debt service coverage with respect to such Bonds in an amount as may be required by the documents pursuant to which such Bonds are issued, (iv) that the amount of Assessments and Contributions which may be due include all amounts necessary to pay debt service and related costs with respect to any Bonds, as set forth in clause (iii) above, including additional amounts which may become due from time to time as the result of a default by another Member of Former Member, (v) that it will pay, as required by the bond or note documentation, all of the Assessments and Contributions due to the Authority, (vi) that the Assessments and Contributions will be payable from any source of available funds of the Member, including amounts on deposit in the general fund of the Member, and (vii) that each Member will take such action as may be necessary to include all Assessments and Contributions due in each of its approved budgets, and to amend such budget if necessary to include any Assessment and Contribution amount not included in its original budget, for so long as it remains a Member of the Authority and to make the necessary appropriations for all such Assessments and Contributions. Notwithstanding the foregoing, if the documentation relating to the Bonds allows for the early retirement of the Bonds, a Member may withdraw from the Authority and have no liability with respect to any future Assessments or Contributions if it prepays its obligations with respect to such Bonds, as such obligations are set forth in the applicable Bond documentation.

Article 21. Involuntary Termination

(a) Notwithstanding the provisions of Article 20 and 21, the Authority shall have the right to involuntarily terminate any Member's participation in any Program, or terminate membership in the Authority if a Member breaches any duty imposed on Members to this Agreement.

(b) Notwithstanding any other provisions of this Agreement, the participation of any Member of the Authority, including participation in any of the Authority's Programs, may be involuntarily terminated at the discretion of the Board of Directors whenever such Member is dissolved, consolidated, merged or annexed. A reasonable time shall be afforded, in the discretion of the Board of Directors, to place coverage elsewhere. Any such involuntary termination shall not relieve the Member or Former Member of its responsibilities as provided for in Articles 19, 20 and 23.

(c) Any involuntary termination occurring during any period that Bonds, are outstanding shall be subject to the requirement that the obligations of the Member being terminated with respect to such Bonds, are prepaid, either by such Member or by the Authority.

Article 22. Effect of Withdrawal or Involuntary Termination. The withdrawal from or involuntary termination of any Member from this Agreement shall not terminate this Agreement, and such Member, by withdrawing or being involuntarily terminated, shall not be entitled to payment, return or refund of any Contribution, Assessment, consideration, or other property paid, or donated by the Member to the Authority, or to any return of any loss reserve contribution, or to any distribution of assets (except payment of any Retained Earnings, as set forth in the following paragraph).

The withdrawal from or involuntary termination of any Member after the effective date of any Program shall not terminate its responsibility to pay its unpaid Contribution adjustments,

or Assessments to such Program. The Board of Directors shall determine the final amount due from the Member or Former Member or credits to the Member or Former Member for the period of its participation. Such determination shall not be made until all Claims, or other unpaid liabilities, have been finally resolved. In connection with this determination, the Board of Directors may exercise similar powers to those provided for in Article 23(b) of this Agreement. Upon such withdrawal from or cancellation of participation in any Program by any Member, said Member shall be entitled to receive its pro rata share of any Retained Earnings applicable to the time of its participation even though such Retained Earnings are declared by the Board of Directors after the date of said Member withdraws or is involuntarily terminated.

Article 23. Termination and Distribution; Assignment.

(a) If no Bonds remain outstanding, this Agreement may be terminated any time with the written consent of two-thirds of the voting Members; provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all Claims, distribution of net assets and all other functions necessary to wind up the affairs of the Authority.

(b) The Board of Directors is vested with all powers of the Authority for the purpose of winding up and dissolving the business affairs of the Authority. These powers shall include the power to require Members or Former Members, including those which were signatory hereto at the time the subject Claims arose or was/were incurred, to pay any Assessment or Contribution in accordance with loss allocation formulas for final disposition of all Claims and losses covered by this Agreement or the Bylaws. A Member or Former Member's Assessment or Contribution shall be determined as set forth by the Board or the applicable Coverage Documents.

(c) Upon termination of a Program, all net assets of such Program shall be distributed only among the Members that are participating in such Program at the time of termination, in accordance with the proportionate to their cash payments (including Contributions, adjustments, Assessments and other property at market value when received) made during the term of this Agreement for such Program. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by such Program.

(d) Upon termination of this Agreement all net assets of the Authority shall be distributed only among the Members in good standing at the time of such termination in accordance with and proportionate to their cash contributions and property at market value when received. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by this Agreement.

(e) In lieu of terminating this Agreement, the Board, with the written consent of two-thirds of the voting Members, may elect to assign and transfer all of the Authority's rights, assets, liabilities and obligations to a successor joint powers authority created under the Act.

Article 24. Enforcement. The Authority is hereby granted authority to enforce this Agreement. In the event action is instituted to enforce the terms of this Agreement, the Bylaws and/or any policies and/or procedures of the Board of Directors and the non-defaulting party(s) should employ attorneys or incur other expenses for the collection of monies or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party(s) herein contained, the defaulting party agrees that it will on demand therefore pay to the non-defaulting party(s) the reasonable fees of such attorneys and such other expenses so

incurred by the non-defaulting party(s).

Article 25. Non-liability of Directors, Officers and Employees. The Board of Directors, and the officers and employees of the Authority, including former directors, officers and employees, shall not be liable to the Authority, to any Member or Former Member, or to any other person, for actual or alleged breach of duty, mistake of judgment, neglect, error, misstatement, misleading statement, or any other act or omission in the performance of their duties hereunder; for any action taken or omitted by any employee or independent contractor; for loss incurred through the investment or failure to invest funds; or for loss attributable to any failure or omission to procure or maintain insurance; except in the event of fraud, gross negligence, or intentional misconduct of such director, officer or employee. No director, officer or employee, including former directors, officers and employees, shall be liable for any action taken or omitted by any other director, officer or employee. The Authority shall defend and shall indemnify and hold harmless its directors, officers and employees, from any and all claims, demands, causes of action, and damages arising out of their performance of their duties as such directors, officers or employees of the Authority except in the event of fraud, gross negligence, corruption, malice or intentional misconduct, and the funds of the Authority shall be used for such purpose. The Authority may purchase conventional insurance to protect the Authority, and its participating Members or Former Members, against any such acts or omissions by its directors, officers and employees, including former directors, officers and employees.

Article 26. Indemnification and Release. Each Member shall and hereby agrees to indemnify and save the Authority and all other Members harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of any breach or default on the part of such Member in the performance of any of its obligations under this Agreement, or any act or negligence of such Member or any of its agents, contractors, servants, employees or licensees with respect to the coverage provided such Member. No indemnification is made under this section or elsewhere in this Agreement by the Authority or its officers, agents, employee successors or assigns.

Article 27. Notices. Notices to Members or Former Members hereunder shall be sufficient if delivered to the principal office of the respective Member or Former Member.

Article 28. Amendment. This Agreement may be amended at any time by a two-thirds vote of the Members. The Bylaws may be amended as provided therein. Upon the effective date of any validly approved amendment to this Agreement, such amendment shall be binding on all Members.

Article 29. Prohibition Against Assignment. No person or organization shall be entitled to assert the rights, either direct or derivative, of any Member or Former Member under any coverage agreement or memorandum. No Member or Former Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member or Former Member shall have any right, claim or title or any part, share, interest, fund, contribution or asset of the Authority.

Article 30. Agreement Complete. The foregoing constitutes the full and executed Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein. This Agreement supersedes and replaces all previous agreements..

Article 31. Counterparts. This Agreement may be executed in one or more

counterparts and shall be as fully effective as though executed in one document.


Article 32. California Law. This Agreement shall be governed by the laws of the State of California.

Article 33. Severability. Should any part, term or provision of this Agreement be determined by any court of competent jurisdiction to be illegal or in conflict with any law of the State of California or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Article 34. Effective Date. This Agreement shall become effective as to existing Members of the Authority on the date on which at least two-thirds of such Members have executed this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by authorized officials on the date indicated below:

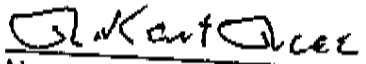
Acknowledgment:



Name, Chair - Board of Directors
MONTEREY BAY AREA SELF-INSURANCE AUTHORITY

Date: 10-12-04

I hereby certify this Amended and Restated Joint Powers Agreement has also received the required approval of not less than two-thirds of the Member entities then parties to the Joint Powers Agreement.



Name, Chief Executive Officer
MONTEREY BAY AREA SELF-INSURANCE AUTHORITY

Date: 10-12-04

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

BYLAWS

Amended March 15, 2010

**MONTERERY BAY AREA SELF INSURANCE AUTHORITY
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BYLAWS

MONTEREY BAY AREA SELF-INSURANCE AUTHORITY

ARTICLE I **PURPOSES**

The Monterey Bay Area Self Insurance Authority ("MBASIA") is a joint powers authority established under the laws of the State of California (Government Code, Section 6500 et seq.) for the purposes of exercising and shall exercise the powers set forth in that certain Amended and Restated Joint Powers Agreement of the Monterey Bay Area Self Insurance Authority, effective the 12th day of October, 2004, (the "Agreement"). The definition of terms used in these Bylaws shall be the same as contained in the Agreement, unless otherwise expressly provided herein, and if any provision of these Bylaws conflicts with the Agreement, the Agreement shall govern.

ARTICLE II **OFFICES**

The principal office for the transaction of the business of MBASIA shall be located within the area where MBASIA is qualified to do business at a place fixed by the Board of Directors from time to time. The principal office may be at 144 Montclair Drive, Santa Cruz, CA 95060.

ARTICLE III **BOARD OF DIRECTORS**

Section 1. Powers of Directors.

Subject to the powers and limitations as provided by law, the Agreement, or these Bylaws, all powers of MBASIA shall be exercised, its property controlled and its affairs conducted by the Board of Directors (the "Board"), as is further specified in the Agreement

Section 2. Composition of the Board and Terms of Directors.

The Board shall be composed of one (1) Director representing each municipality which participates in MBASIA's liability and worker's compensation program. Members of the Board shall be the City Manager or a specified delegate from each of the participating cities ("Member").

Directors shall not have fixed terms of office but each shall serve on this Board at the pleasure of the Member's legislative body, except as provided herein.

Section 3. Voting Rights.

(a) Directors shall have one (1) vote each at meetings of the Board. There shall be no voting by proxies.

(b) **Manner of Voting.** The voting on formal resolutions, matters to any federal, state, county or city agency, and on such other matters as may be requested by a majority of MBASIA Members present, shall be by roll call, and the ayes, noes, and Members present not voting shall be entered upon the minutes of such meeting, except on the election of officers, which may be by ballot.

(c) **Two-Thirds (213) Vote Required.** Notwithstanding the provisions of Article IV, Section 3, a two-thirds (213) vote of the full membership will be required in any matters involving distribution of funds from MBASIA to the Member agencies and for any amendment to these Bylaws.

Section 4. Vacancies.

(a) **Absences and Vacancies.** In the temporary absence of the Chairperson and Vice-Chairperson, MBASIA Members shall elect a Member present as temporary Chairperson for the purpose of conducting meetings and performing the duties of the Chairperson. Should the offices of Chairperson or Vice-Chairperson become vacant, MBASIA shall elect a successor from its membership at the next regular meeting, and such election shall be for the unexpired term of said office. Should any office other than Chairperson or Vice Chairperson become vacant, MBASIA shall appoint a successor within a reasonable time or by resolution determine that such office shall remain vacant for a definite or indefinite period of time,

(b) **Additional Personnel.** MBASIA may from time-to-time appoint or employ such personnel as it deems necessary to exercise its powers, duties and functions as prescribed by the Joint Powers Agreement and all other laws of the State of California applicable thereto, The selection, duties and compensation of such personnel shall be determined by MBASIA, subject to the laws of the State of California.

ARTICLE IV **MEETINGS OF THE BOARD**

Section 1. Regular Meetings.

Pursuant to Board direction, the regular meetings of MBASIA, time and duties, will be established at the first meeting of each calendar year, Regular meetings shall be held at least once per quarter.

Section 2. Election or Appointment of Officers.

At the first meeting of odd numbered calendar year, the officers shall be appointed or reappointed.

Section 3. Quorum.

Six (6) Members of MBASIA shall constitute a quorum for the purpose of conducting MBASIA business, exercising MBASIA powers, and for all other purposes, but a smaller number may adjourn from time-to-time until the quorum is obtained. Except as noted below, every official act of MBASIA shall be adopted by a majority vote. A "majority vote" shall mean a majority of all Members present when a quorum is present.

In cases where no quorum of the Board is present and urgent business needs action, the Executive Committee is empowered to approve such action in those cases where no additional cost beyond the total budget may be the result and report back such action at the next full Board meeting,

Section 4. Board, Actions and Limitations.

Except as provided otherwise by these Bylaws or the Agreement, actions of the majority of the persons entitled to vote at any meeting at which a quorum is present shall be considered actions of the Board.

Section 5. Public Meetings.

- (a) All meetings of the Board, whether regular, special or adjourned, shall be open to the public, except for closed or executive sessions authorized by law.
- (b) Unless a different procedure is established by resolution of MBASIA or set forth in these Bylaws, the rules of parliamentary procedure as set forth in Robert's Rules of Order Newly Revised shall govern all meetings of MBASIA.

Section 6. Special Meetings.

The Chairperson of MBASIA may, when it is deemed expedient, and shall, upon the written request of three (3) Members of MBASIA, call a special meeting of MBASIA for the purposes of transacting the business designated in the call. The means and method for calling such special meeting shall be as set forth in the Ralph M. Brown Act, Government Code Sections 54950 et seq. At such special meeting, no business shall be considered other than as designated in the call.

Section 7. Notices of Meetings.

Notices of the time and place of any meeting for which notice is required by law or these Bylaws shall be delivered personally, communicated by telephone or facsimile, or sent to each Director by priority mail, charges prepaid, addressed to the Director either at his or her address as it is shown on the records of the Authority, or, if it is not so shown on such records or is not readily obtainable, to the place at which meetings of the Board are regularly held. If personally delivered or communicated by telephone or telegraph, such notice shall be delivered at least forty-eight (48) hours prior to the hour set for the meeting. If

sent by mail, such notice shall be mailed at least four (4) days prior to the day set for the meeting.

Section 8. Order of Business. At the regular meetings of MBASIA, the following shall be the order of business:

- 1) Roll Call;
- 2) Consent Agenda;
- 3) Approval of the minutes of the previous meeting;
- 4) Oral Communications from Public;
- 5) Bills and Correspondence;
- 6) Unfinished Business;
- 7) Reports of Committees;
- 8) New Business;
- 9) Loss Report;
- 10) Open Discussion - Staff and Board Member Issue;
- 12) Adjournment

All resolutions shall be in writing and designated by number. reference to which shall be inscribed in the minutes and an approved copy of each resolution filed in the official book of resolutions of MBASIA.

Section 9. Adjournment of Meetings.

The Board may adjourn any regular, special or adjourned special meeting to a time and place specified in the order of adjournment, provided that the provisions of Section 54955 of the Government Code are complied with.

Section 10. Posting of Agendas.

The Board shall post agendas of all regular meetings, containing a brief general description of each item of business to be transacted or discussed at the meeting. at least seventy-two (72) hours before such regular meeting. The agenda shall specify the time and location of the meeting and shall be posted in a location that is freely accessible to members of the public. No action shall be taken on any item not appearing on such posted agendas, except as provided by Section 54954.2 of the Government Code.

Section 11. Opportunity for Public to Address the Board

Each agenda for a regular meeting shall provide an opportunity for members of the public to address the Board directly on matters of interest to the public, provided that such matters are within the subject matter jurisdiction of the Board, and provided that no action shall be taken by the board on any item arising out of such speeches unless the matter already appears on the agenda. The Board

may adopt reasonable regulations which limit the total amount of time allotted for public speakers and for each individual speaker.

Section 12. Compensation of Directors.

Directors, Members of committees, and officers shall receive no compensation for their services.

ARTICLE V
OFFICERS

Section 1. Officers.

The Officers of MBASIA shall be a Chairperson, a Vice-Chairperson, Secretary , Treasurer and the immediate past Chairperson. Other officials acting as its staff shall be the Chief Executive Officer who shall have the duties vested in him by MBASIA. At the first meeting of odd numbered calendar years, the officers shall be elected or re-elected.

Section 2. Election.

The Board shall elect the Chairperson, Vice-Chairperson, Treasurer, and Secretary from among the Directors and they shall serve two-year terms or until removed or replaced.

Section 3. Vacancies.

In case any office becomes vacant by reason of death, resignation, retirement, disqualification, or any other cause, the Chairperson may select a Director to fill such vacancy, and the officer so selected shall hold office and serve until the next meeting of the Board, when such appointment shall be confirmed or terminated by the Board.

Section 4. Chairperson.

The Chairperson shall preside at all meetings of the Board and the Executive Committee, and shall have such other powers and duties as may be designated from time to time by the Board. The Chairperson of MBASIA shall be elected by Members from among the members and shall serve at the pleasure of MBASIA. The Chairperson shall preside at all meetings of MBASIA, except as otherwise authorized by resolution of MBASIA or the provisions of these Bylaws, the Chairperson shall sign all contracts, resolutions and other instruments made by MBASIA.

Section 5. Vice-Chairperson.

The Vice-Chairperson shall be elected by the Members from among the Members and shall serve at the pleasure of MBASIA. The Vice-Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson. In case of the resignation, removal, or death of the Chairperson, the Vice-Chairperson shall perform such duties as are imposed on the Chairperson until such time as the MBASIA shall elect a new Chairperson.

Section 6. Secretary.

The Secretary shall keep, or cause to be kept a full and complete record of the proceedings of the Board, of the Executive Committee and of any other committees, shall make service of such notices as may be necessary or property, shall supervise the keeping of the records of MBASIA, and shall discharge such other duties as pertain to the office or as are designated by the Board.

Section 7. Treasurer

The Treasurer shall be appointed by MBASIA or elected by the Members from among the Members. The Treasurer shall give such bond for faithful performance of the Treasurer's duties as MBASIA may determine. The Treasurer and the Secretary may be served by one Board Member.

The Treasurer shall review quarterly MBASIA's books of accounts, bank Reconciliations, etc. The Treasurer shall approve all warrants \$2,500 and over and shall authorize transfers between accounts of over \$10,000.

ARTICLE VI
EXECUTIVE & FINANCE COMMITTEE

Section 1. Composition, Terms, and Vacancies.

There shall be an Executive Committee of the Board composed of four (4) persons. The elected officers of MBASIA (the Chairperson, Vice-Chairperson, Secretary/Treasurer, and past Chairperson) shall serve as the Executive Committee, and the Chairperson shall preside at its meetings.

Members may be removed for failure to attend two consecutive meetings without reasonable excuses, The Chairperson may appoint replacements to fill any vacancies caused by death, disability, resignation, disqualification or removal for unexcused absences, and such appointees shall serve until the next annual meeting of the Board, at which time they shall be elected or replaced.

Section 2. Meetings.

Meetings of the Executive & Finance Committee shall be held in accordance with the provisions for notice and meetings of the Board contained in Article IV hereof, except that regularly scheduled Executive & Finance Committee meetings shall be on the 3rd Monday of each month. Meetings shall only be held on such scheduled days if the Chair of the Committee or any Board member finds it necessary to hold a meeting. Notices, posting of agendas, requirements for a quorum, and scheduling of meetings shall comply with California's Ralph M. Brown Act.

Special meetings of the Executive Committee may be called by the Chairperson, individually or at the request of another Authority Board member. Special meetings of the Executive Committee shall not be held more than two (2) times between meetings of the full board.

Agendas for Executive Committee meetings shall be set by the Chairperson, individually or at the request of any Authority Board member.

Section 3. Quorum.

A majority of the Executive Committee which is two of three Members serving on the Committee, shall constitute a quorum for the transaction of business at any meeting.

Section 4. Authority.

The Executive & Finance Committee shall exercise all powers and authority of the Board including but not limited to personnel matters concerning salary, benefits, and working conditions of staff; approval of warrants; approval of requests for Certificates of Coverage; approval of requests to add Additional Covered Parties; covered loss settlement authority up to the maximum limits established by the Board, approval of contracts for routine services including claims and financial audits and actuarial studies; and, any other power or authority delegated by the Board.

The Executive & Finance Committee shall not have the powers and authority over election of officers and members of the Executive Committee, final approval of special assessments from or refunds to Members, and final approval of modifications or amendments of these Bylaws, the Agreement, the Budget, the Memorandum of Coverage, and other principal coverage documents. The Executive Committee may also establish other committees, define their functions and responsibilities, appoint Members to them, and exercise such other powers and perform such other duties as these Bylaws or the Board may prescribe.

ARTICLE VII

OTHER COMMITTEES

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

Coverage and Claims Committee:

Composition:

The Coverage and Claims Committee shall be comprised of the Chairperson, the Excess Coverage Representative and two Board members appointed by the Executive Committee. The Chairperson will act as the Committee Chair.

Duties:

1. Monitor proper claim reporting to MBASIA by all member cities.
2. Recommend to the Board appointment of the claims auditor and claims administrator.
3. Administer claims auditing and claims administration contracts.
4. Recommend and keep current claims administration policy and procedures.
5. Review and provide oversight regarding the handling and defense of all claims
6. Keep Board of Directors completely informed on all claims matters.
7. Interpret coverage issues, as they relate to specific claims, and make recommendations to the Board.
8. Make case settlement recommendations to the Board.
9. Review membership criteria and applications of prospective members.
10. Oversee administration of actuarial services.
11. Interpret and make recommendations on revisions to the Memorandum of Coverage.
12. Review and recommend any coverage or exposure issues brought to the Board.
13. Review and make recommendations to the Board on underwriting related issues.
14. Perform other duties as may be assigned by the Board.

Safety Committee:

Composition:

The Safety Committee shall be comprised of the Vice Chairperson and two Board members appointed by the Executive Committee. The Vice Chairperson will act as the Committee Chair.

Duties:

1. Review and recommend policy and procedures for the Authority and Member Agencies
2. Assist in coordinating and recommending Loss Control efforts
3. Assist in coordinating and recommending the implementation and maintaining safety programs
4. Evaluate cost saving opportunities
5. Evaluate the effectiveness of safety policies
6. Review loss trends to identify exposures that are negatively impacting the Authority
7. Oversee Safety activities performed by the Authority or Safety oriented vendors and programs
8. Review and provide oversight for contracts regarding Safety
9. Perform other duties as may be assigned by the Board

ARTICLE VIII
ADMINISTRATION

Section 1. Chief Executive Officer.

The Chief Executive Officer shall attend meetings of the Board and of the Executive Committee, ex officio, but shall have no vote, and shall administer the business and activities of MBASIA, including those specific duties assigned by the Board or the Executive Committee or required by the Agreement. The duties as Secretary shall be as prescribed by Section 6 of Article V, above.

The Chief Executive Officer shall provide for such other employees as may be necessary for management of MBASIA's business, subject to approval by the board or the Executive Committee.

Section 2. Duties of Chief Executive Officer.

Subject to general supervision and direction of policy by the board or the Executive Committee, authority and responsibility of the Chief Executive Officer, or his/her designee, shall include:

- A. Exercising responsibility for the selection, employment and supervision of all other employees of MBASIA;
- B. Coordinating and carrying out MBASIA's purposes and objectives according to MBASIA's established policies and procedures, policy directives from the Board or the Executive Committee and the approved work program;

C. Attending, as a non-voting Member, the meetings of the Board, the Executive Committee and other committees;

D. Representing the Board and MBASIA in dealings with the public and other organizations;

E. Reporting MBASIA's activities to the Members at such times and in such manner as prescribed by them:

F. Performing specific duties as are set forth in the Agreement; and

S. Performing other duties as are delegated by the Board or the Executive Committee.

ARTICLE IX **BUDGET**

An annual budget for MBASIA shall be prepared and shall separately show the following for liability and worker's compensation:

A. A general and administrative section;

B. An interest income section;

C. A capital expenditure section; and

D. Sections for each coverage layer of each program year of each program specifying:

1. The actuarially estimated claims and allocated claims adjustment costs;

2. An equitable allocation of the general and administrative costs;

3. An equitable allocation of the interest income.

E. The prior calendar year shall be the period used to develop the budget of the Authority for the next fiscal year and the respective premiums for each member city for the next fiscal year.

ARTICLE X **INVESTMENT AND DISBURSEMENT OF FUNDS**

Section 1. Investment

The Treasurer may invest money not required for the immediate necessities of MBASIA as directed by the Board or the Executive Committee in the same manner and on the same conditions as local agencies as provided by Government Code Section 53601

Section 2. Disbursement.

The Chief Executive Officer shall draw warrants to pay demands against MBASIA after such demands have been approved by the Treasurer.

All checks disbursing funds of MBASIA shall be signed by the Treasurer and the Chief Executive Officer or designee.

ARTICLE XI
MISCELLANEOUS

Section 1. Agents and Representatives.

The Executive Committee or the Board may appoint such agents and representatives of MBASIA with such power and to perform such acts or duties on behalf of MSAS1A, as the Executive Committee or the Board may see fit, so far as may be consistent with the Agreement, these Bylaws and applicable laws,

Section 2. Contracts

(a) Except as otherwise provided in these Bylaws, the Board may authorize any officer or agent to enter into any contract or execute and deliver any instrument, in the name of and on behalf of MBASIA, and such authority may be general or confined to a specific instance. Unless so authorized by the Executive Committee or the Board, no officer, agent or employee shall have any power or authority to bind MBASIA by any contract or engagement, nor to pledge its credit, nor to render it liable for any purpose or to any amount.

(b) **Contract Review.** There will be an annual review of the Chief Executive Officer's contract by the Executive Committee.

Section 3. Bonding.

Officers, directors and employees handling funds shall be properly bonded as determined by the Board.

Section4 Fiscal Year

MBASIA's fiscal year shall end on June 30 of each year.

Section 5. Authority for Payments.

All invoices, billings and claims for payment of losses in excess of the amount delegated by the Board to the contracted claims administrative firm shall be approved and signed by the Treasurer and Chief Executive Officer, before payment

Section 6. Claims Audits.

A claims audit shall be performed every two (2) years for Workers' Compensation beginning in the 2003/2004 FY

A claims audit shall be performed every three (3) years for Liability beginning in the 2003/2004 FY.

Section 7. Additional Guidance.

Except as provided in (i) the Agreement, (ii) these bylaws, and (iii) the Ralph M. Brown Act, as amended, meetings of the Board shall be conducted pursuant to the Roberts Rules of Order, as amended.

ARTICLE XII
AMENDMENTS

These Bylaws may be amended by a two-thirds vote of the Board present and voting at any duly convened regular or special meeting. The Secretary shall prepare and distribute any proposed revisions to all members of the Board with the notice of such meeting. Any such amendment shall become effective immediately, unless otherwise stated therein.