

**BYLAWS
OF
EXCLUSIVE RISK MANAGEMENT AUTHORITY OF CALIFORNIA**

ARTICLE I. OFFICES

Section 1. Principal office. The principal executive office of the Exclusive Risk Management Authority of California (JPA) shall be located in the State of California. The Board of Directors (herein called the "Board") is hereby granted full power and authority to change said principal executive office from one location to another within the State of California.

Section 2. Other Offices. Branch or subordinate offices may at any time be established by the Board at any place or places within the State of California.

ARTICLE II. MEMBERS

Section 1. Membership. Each member of the JPA shall be a member of the JPA during the term of their respective Memorandum of Coverage with all rights and obligations of such membership. Any California public agency may be a member of the JPA.

Expulsion of a member Agency pursuant Section 18 of the JPA Agreement, effective at the end of the program year in which notice is given, shall only occur upon a minimum of one hundred and twenty (120) days' advance notice to the member Agency.

Section 2. Directors and Alternates. Each member agency's elected body shall appoint as its representative Director a management level individual such as a chief executive officer, legal counsel, risk manager, or city manager. The Director may designate an Alternate Director to represent the member agency in the absence of the Director. All Alternate designations must be made by the Director in writing and delivered to the JPA.

ARTICLE III. BOARD

Section 1. Powers. Subject to limitations of the JPA Agreement, these Bylaws, and California Law, the business and affairs of the JPA shall be managed and all powers shall be

exercised by or under the direction of the Board of Directors made up of the representative Directors or their alternates from each member of the JPA.

Section 2. Place of Meetings. Regular and special meetings of the Board of Directors may be held at any place within the State of California as designated by the Board. In the absence of a designation, regular and special meetings shall be held at the principal executive office of the JPA. Any meeting, regular or special, may be held by teleconference consistent with the requirements of the Brown Act.

Section 3. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairman of the Board or the Secretary or a majority of the directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by first-class mail or email, addressed to each director at that director's address as it is shown on the records of the JPA. In case the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. In case the notice is delivered personally, or by telephone or electronic transmission (email), it shall be delivered personally or by telephone or email at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the representative who the person giving the notice has reason to believe will promptly communicate it to the director.

Section 4. Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business.

Section 5. Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If a quorum is not established, no business other than adjournment may be transacted.

Section 6. Notice of Adjournment. A copy of the order for adjournment shall be posted as required by Government Code Section 54955. No other notice of an adjourned meeting shall be necessary, unless the adjournment is for a period of 30 days or more, in which case notice of the adjourned meeting shall be given in the same manner as notice of the original meeting.

Section 7. Fees and Compensation of Directors. Directors and members of committees may not receive compensation for their services except such reimbursement of expenses, as may be fixed or determined by resolution of the Board of Directors.

Section 8. Committees of Directors. The Board of Directors may, by resolution passed by a majority of the authorized number of directors, designate one or more committees of the Board of Directors. Any such committee, to the extent provided by the resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the JPA.

ARTICLE IV. OFFICERS

Section 1. Officers. The officers of the JPA shall be President, Secretary, Treasurer and Auditor. The JPA may also have such other officers as the JPA may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine officers shall be elected by the Board of Directors and each shall serve at the pleasure, of the Board, subject to the rights, if any, of an officer under a contract of employment

Section 2. President. The President shall preside over meetings of the Board of the JPA. The President shall execute documents on behalf of the Authority as authorized by the Board, serve as the primary liaison between the Authority and any other organization, and have such other powers and duties as may be prescribed by the Board.

Section 3. Secretary. The Secretary shall keep or cause to be kept, at the principal executive office and such other places that the Board may order, minutes of all meetings of the members, the Board, and its committees. In the absence of the President, the Secretary shall preside over meetings of the Board.

The Secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board and any committees thereof required by the bylaws or by the law to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board or the bylaws.

Section 4. Treasurer. The Treasurer of the JPA shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the JPA, and shall send or cause to be sent to the members of the JPA such financial statements and reports as the law or these bylaws require. The books of account shall at all times be open to inspection by any director. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the JPA with any depository designated by the Board.

The Treasurer shall disburse or cause to be disbursed the funds of the JPA as may be ordered by the Board, shall render to the Authority's auditor and the directors, whenever they request it, an account of all the financial transactions and the financial condition of the JPA, and shall have such other powers and perform such other duties as may be prescribed by the Board.

Section 5. Executive Director. The Board shall retain an Executive Director, who may be an individual or an entity, to perform the functions allocated to the Executive Director by these bylaws. The Executive Director shall, as directed by the Board or the Officers, prepare and post agendas, prepare and maintain minutes of meetings, maintain records of the JPA, and exercise and perform such other powers and duties as may be from time to time assigned by the Board of Directors or prescribed by these bylaws.

Commented [MG1]: Need to define Executive director. How are they retained? Currently Alliant serves as the executive director and appointed/approved by the Board. Contractual arrangement

Commented [DA2R1]: Does this work, or do you think more is needed?

Section 6. Election of Officers. The officers of the JPA shall be chosen annually at the first meeting of the fiscal year by the Board of Directors, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

Section 7. Subordinate Officers. The Board of Directors may appoint, and may empower the President to appoint, such other officers as the business of the JPA may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these bylaws or as the Board of Directors may from time to time determine.

Section 8. Removal and Resignation of Officers. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting of the Board except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the JPA. Any resignation shall take effect on the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the JPA under any contract to which the officer is a party.

Section 9. Vacancies in Offices. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these bylaws for regular appointments to that office.

ARTICLE V. INDEMNITY

Section 1. Indemnification of Directors, Officers, Employees, and Other Agents. The JPA is authorized to provide indemnification of agents for breach of duty to the JPA and its members against expenses, judgments, fines, settlements and other amounts actually and

reasonably incurred in connection with any proceeding arising by reason of the fact that such person is or was an agent of the JPA, and shall have the power to advance to each such agent expenses incurred in defending any such proceeding to the maximum extent permitted by that law. For purposes of this Article an "agent" of the JPA includes any person who is or was a director, officer, employee, or other agent of the JPA, or is or was serving at the request of the JPA as the director, officer, employee, or agent of another JPA or other enterprise, or was the director, officer, employee, or agent of the JPA which was a predecessor JPA of the JPA or other enterprise serving at the request of such predecessor JPA.

Section 2. Required Approval. Any indemnification under this Article shall be made by this JPA only if authorized in the specific case upon a determination that indemnification of the agent is proper under the circumstances because the agent acted in good faith and in a manner that person reasonably believed to be in the best interest of the JPA and; in the case of a criminal proceeding, had no reasonable cause to believe the conduct of the person was unlawful, by:

(a) a majority vote of a quorum consisting of directors who are not parties to the proceeding; or by

(b) approval by the affirmative vote of a majority of the members of this JPA entitled to vote represented at a duly held meeting at which a quorum is present or by the written consent of holders of a majority of the members entitled to vote. For this purpose, the vote by the member to be indemnified shall not be considered or entitled to vote thereon; or by

(c) the court in which the proceeding is or was pending, on application made by this JPA or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by this JPA.

Section 3. Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by this JPA before the final disposition of the proceeding as authorized by the Board upon receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

Section 4. Other Contractual Rights. Nothing contained in this Article shall affect any right to indemnification to which persons other than directors and officers of this JPA or any subsidiary hereof may be entitled by contract or otherwise.

Section 5. Limitations. No indemnification or advance shall be made under this Article in any circumstance where it appears:

(a) That it would be inconsistent with a provision of the JPA Agreement, a resolution of the members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 6. Insurance. This JPA shall have the power, upon and in the event of an appropriate determination by the Board of Directors, to purchase and maintain insurance on behalf of any agent of the JPA against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, regardless of whether this JPA would have the power to indemnify the agent against that liability under the provisions of this Article.

ARTICLE VI. RECORDS AND REPORTS

Section 1. Maintenance and Inspection of Records. The JPA shall keep at its principal executive office a record of its members, giving the names and addresses of all members.

Section 2. Maintenance and Inspection of Bylaws. The JPA shall keep at its principal executive office, original or a copy of these Bylaws as amended to date, which shall be open to inspection by the members at all reasonable times during usual business hours.

Section 3. Maintenance and Inspection of Other Records. The accounting books and records and minutes of proceedings of the members and the Board of Directors and any committee or committees of the Board of Directors shall be kept at such place or places in California designated by the Board of Directors, or, in the absence of such designation, at the principal executive office of the JPA. The minutes shall be kept in written form and the accounting books and records shall be kept either in written form or in any other form capable of being converted into written form. The minutes and accounting books and records shall be open to inspection upon the written demand of any members or holder of a voting trust certificate, at any reasonable time during usual business hours, for a purpose reasonably related to the holder's interests as a member. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts.

Section 4. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the JPA and each of its subsidiary JPAs. This inspection by a director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

ARTICLE VII. GENERAL MATTERS

Section 2. Checks, Drafts. Evidences of Indebtedness. All checks, drafts, or other orders for payment of money, notes or other evidences of indebtedness, issued in the name

of or payable to the JPA, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors

Section 3. JPA Contracts and Instruments; How Executed. The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the JPA, and this authority may be general or confined to specific instances; and, unless so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent, or employee shall have any power or authority to bind the JPA by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 4. Fiscal Year. The fiscal year of the JPA shall be from July 1 to June 30.

Section 5. Meetings. All meetings shall be held in compliance with the Ralph M. Brown Act (Gov. Code § 54950 et seq.).

Section 6. Necessary Filings. The Executive Director shall make any filings required by California law, including but not limited to the filings required by Government Code sections 6503.5, 6505, 53051, 53891, 53892, and 87306.5.

Section 7. JPA Website. If the JPA has a website, the Executive Director shall post agendas as required by the Brown Act (Gov. Code § 54954.2) and shall post annual compensation reports as required by Government Code section 53908.

ARTICLE VIII. AMENDMENTS

These Bylaws may be amended or repealed either by approval of a majority of the members entitled to vote or by the approval of a majority of the Board.

ARTICLE IX. RISK RETENTION

The JPA shall be empowered to retain risk on behalf of its agencies in an amount not to exceed \$500,000 per occurrence as defined in the Memorandum of Coverage adopted by the JPA. Any increase in this limit of retention must be approved by a two-thirds vote of the membership of the JPA.