

**BYLAWS
of the
CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY**

PREAMBLE

These Bylaws are adopted effective January 16, 2014 pursuant to the "Joint Exercise of Powers Agreement of the California Sanitation Risk Management Authority" (the "Agreement"). These Bylaws supersede the Bylaws of the California Sanitation Risk Management Authority ("CSRMA") which were initially adopted by a resolution of CSRMA's Board of Directors on November 16, 1986, and were subsequently restated as of August 17, 1988 and August 9, 1991, and amended effective May 15, 1992, October 18, 1994, November 5, 1997, May 4, 2001, August 9, 2002, January 23, 2004, August 19, 2005, May 4, 2007, January 15, 2010, January 14, 2011 and April 26, 2013.

ARTICLE I - THE AUTHORITY

SECTION 1.1. Name of Authority. The name of the Authority created by the Agreement shall be the California Sanitation Risk Management Authority (the "Authority").

SECTION 2.1. Office of Authority. The principle office of the Authority shall be at the address listed in Attachment A to these Bylaws, or at such other location as the Board of Directors may designate by resolution.

SECTION 3.1. Fiscal Year. The fiscal year for the Authority shall commence July 1 of each calendar year and end June 30 of the following calendar year.

ARTICLE II - BOARD OF DIRECTORS

SECTION 2.1. Membership. The Authority shall be governed by a Board of Directors. Each of the parties to the Agreement as set forth in Sections 4 and 21 of the Agreement (the "Member Agencies") shall be entitled to participate and be represented by a representative on the Board of Directors. If a Member Agency elects to exercise its right to representation on the Board of Directors, it shall promptly notify the Authority in writing of the names of the Board member and alternates who have been selected to represent the Member Agency, and subsequently of any successors to them. The Member Agency shall also comply with any other procedures which may be established by resolution of the Board of Directors to identify Member Agencies who have chosen to participate and be represented on the Board of Directors and to authenticate Member Agencies' representatives. All designated Board members and alternates shall comply with the provisions of California law which require certain public officials to file Statements of Economic Interests. Any Member Agency which is not then exercising its right to participate on the Board of Directors may change its status at any time by written notice to the Authority of that decision, by designation of its representative Board

member and alternate and by compliance with any other procedures established by the Board of Directors."

SECTION 2.2. Powers. The powers of the Board shall be as set forth in Section 8 of the Agreement.

SECTION 2.3. Meetings.

(a) Regular Meetings. Regular meetings of the Board shall be held in winter and summer of each year at a time and place to be set by the Board. Except as otherwise provided in Section 26 of the Agreement, the agenda for each regular meeting of the Board shall be posted at the principal office of the Authority and mailed to each Member Agency at least fifteen (15) days in advance of the meeting.

(b) Special Meetings. Special meetings of the Board may be called in accordance with the provisions of California Government Code Section 54956. The agenda for each special meeting of the Board shall be posted at the principal office of the Authority and mailed to each Member Agency at least fifteen (15) days in advance of the meeting.

(c) Public Meeting. All meetings of the Board shall be open to the public, except as provided by law.

(d) Quorum. The presence of a majority of the members of the Board shall constitute a quorum for the transaction of business. Except as otherwise provided in the Agreement, the Bylaws or by law, no action may be taken by the Board except by affirmative vote of not less than a majority of those members of the Board present. A smaller number may adjourn a meeting.

(e) Order of Business. At the regular meetings of the Board, the following shall be the order of business:

- i. Roll Call.
- ii. Approval of Minutes of the previous meeting.
- iii. Agenda Items.
- iv. Adjournment

(f) Manner of Voting. With respect to matters of business affecting only a particular insurance program, voting on such matters shall be restricted to those Board members whose Member Agencies are participants in that particular program, and the votes of other Board members shall not be counted.

(g) Action by the Board. All resolutions of the Board shall be in writing, signed by the President and attested to by the Secretary. All other actions of the Board shall be by motion recorded in written minutes.

(h) Rule of Order. All rules of order not otherwise provided for shall be determined, to the extent practicable, in accordance with "Robert's Rules of Order;" provided, however, that no action of the Board shall be invalidated or its legality otherwise affected by the failure or omission to observe or follow "Robert's Rules of Order."

ARTICLE III - EXECUTIVE BOARD

SECTION 3.1. Membership.

(a) The membership of the Executive Board shall be as set forth in Section 12 of the Agreement.

(b) The members of the Executive Board shall be appointed as individuals and not merely as representatives of a specific Member Agency.

SECTION 3.2. Term. The President and Vice President of the Board shall serve as Executive Board members during their tenure as such officers. The terms of all members of the Executive Board other than President and Vice President shall be two (2) years, with the terms of two (2) regular members and the alternate expiring in even-numbered years and the terms of the other three (3) regular members expiring in odd-numbered years. A member may be reappointed to serve on the Executive Board, but except for the President and Vice President, a member may not be appointed for more than two complete consecutive terms.

SECTION 3.3. Powers, Duties and Responsibilities.

(a) The Executive Board shall conduct, direct and supervise the day-to-day business of the Authority and in doing so shall exercise the powers expressly granted to it by the Agreement, these Bylaws and as otherwise delegated by the Board of Directors.

(b) The following duties and responsibilities shall be assumed and carried out by the Executive Board, which shall have all powers necessary for those purposes:

- i. Provide general supervision and direction to the Program Director.
- ii. Authorize payment of claims against the Authority; provided, however, that with respect to claims arising under programs operated by the Authority, claim settlement authority shall be in accordance with the policies and procedures governing the particular program.
- iii. Enter into contracts, within budget limits.

iv. Make payments pursuant to previously authorized contracts, within budget limits; this authority includes the power to authorize and reimburse expenses incurred for budgeted activities, within budget limits.

v. Review and recommend a budget to the Board no later than fifteen (15) days prior to a regularly scheduled meeting of the Board.

vi. Act as Program Director in the absence of the Program Director.

vii. Establish policies and procedures to implement the Agreement, the Bylaws and the operation of specific programs.

viii. Appoint a nominating committee for each election of officers and members of the Executive Board.

(c) Subject only such limitations as are expressly stated in the Agreement, these Bylaws or a resolution of the Board of Directors, the Executive Board shall have and be entitled to exercise all powers which may be reasonably implied from powers expressly granted and which are reasonably necessary to conduct, direct and supervise the business of the Authority.

SECTION 3.4. Meetings.

(a) Regular Meetings. Regular meetings of the Executive Board shall be held at least twice a year and at other times as the Executive Board deems appropriate. The time and place of regular meetings shall be set by the Executive Board, and the Board of Directors shall be notified of the meeting schedule. The agenda for each regular meeting of the Executive Board shall be posted at the principal office of the Authority and mailed to each Executive Board member and alternate at least seven (7) days in advance of the meeting.

(b) Special Meetings. Special meetings of the Executive Board may be called by the Chairman or a majority of Executive Board members, in accordance with the provisions of California Government Code Section 54956. The agenda for each special meeting of the Committee shall be posted at the principal office of the Authority and mailed to each Executive Board member so as to be received by each member at least two (2) days in advance of the meeting.

(c) Public Meetings. All meetings of the Executive Board shall be open to the public, except as provided by law.

(d) Quorum. Four (4) members of the Executive Board shall constitute a quorum for the transaction of business. Except as otherwise provided, no action may be taken by the Executive Board except by affirmative vote of not less than a majority of those Executive Board members present. A smaller number may adjourn a meeting.

(e) Action by the Executive Board. All resolutions of the Board shall be in writing, signed by the President and attested to by the Secretary. All other actions of the Board shall be by motion recorded in written minutes.

(f) Removal From Executive Board. A member may be removed from the Executive Board in the following ways:

i. Death of a Board member.

ii. Voluntary resignation.

iii. Absence from three (3) consecutive meetings without a valid reason, in which case the Chair may recommend to the Executive Board that member be terminated from Executive Board membership. If the Executive Board recommends to the Board of Directors that an Executive Board member be terminated, the Board of Directors shall vote on the matter at its next regularly scheduled meeting. Removal of an Executive Board member shall require an affirmative vote of not less than two-thirds (2/3) of those Board members present.

ARTICLE IV - OFFICERS

SECTION 4.1. Principal Officers.

The principal officers of the Authority are the President, Vice-President, Secretary and Treasurer-Auditor, as provide in Section 11 of the Agreement. The President and Vice-President shall also serve as Chair and Vice-Chair of the Executive Board.

SECTION 4.2. Other Officers.

The Executive Board may create such other offices and appoint such other officers as it deems necessary and advisable. Officers so appointed shall serve at the pleasure of the Executive Board and shall exercise such powers, perform such duties and assume such responsibilities as set forth in a resolution duly adopted by the Executive Board for that purpose.

ARTICLE V - COMMITTEES

SECTION 5.1. Establishment of Committees.

Pursuant to Section 13 of the Agreement, the Authority shall have the standing committees specified in this Article and such other committees as may be appointed from time-to-time by the Board of Directors, Executive Board or the President.

SECTION 5.2. Officers Committee.

The President and Vice-President shall constitute a standing committee of the Authority known as the "Officers Committee." The Officers Committee shall execute and implement directives of the Executive Board. The Officers Committee shall have the following duties and responsibilities:

- (a) Direct staff.
- (b) Negotiate contracts for services on behalf of the Executive Board that are not specifically delegated to a committee.
- (c) Authorize work assignments under existing contracts that are within the amount budgeted.
- (d) Sign documents on behalf of the Executive Board and/or the Authority.
- (e) Recommend agenda topics for meetings of the Board of Directors and Executive Board.
- (f) Coordinate and review progress in attaining the Authority's annual goals and objectives.

SECTION 5.3. Finance Committee.

The "Finance Committee" shall be a standing committee of the Authority. The committee shall consist of up to five members. The Treasurer-Auditor shall serve as a voting member and as the Committee Chair. All members of the committee shall be: (1) affiliated with Member Agencies; (2) generally knowledgeable about the governmental accounting and finance issues; and (3) selected by the President. Committee members other than the Treasurer-Auditor shall serve two, two-year terms with the terms of one or more member beginning in even-numbered calendar years and the other members' terms beginning in odd-numbered calendar years.

The Finance Committee, with the support of the Treasurer-Auditor and Authority accounting staff, shall coordinate and oversee all financial activities and fiscal affairs of the Authority. The Finance Committee shall have the following duties and responsibilities:

- (a) Prepare a proposed annual budget by fund and program.
- (b) Review quarterly financial reports from the Treasurer-Auditor.
- (c) Coordinate preparation of annual audit of the Authority's financial statements.

(d) Prepare and recommend policies and procedures on financial matters to the Executive Board.

(e) Follow and coordinate movement of funds from contingency reserves.

(f) Negotiate contracts for financial services.

(g) Work with the Treasurer-Auditor on financial reporting and recordkeeping.

(h) Conduct or coordinate financial training as needed for various programs.

(i) Oversee adherence to the Authority's investment policy and recommend changes as needed.

(j) Prepare reports and evaluations as necessary and requested by the Executive Board or the Board of Directors.

(k) Assist with the preparation of financial information during program renewals to determine that all costs for the program are included in the annual premiums and fees.

(l) Prepare and recommend mid-year budget adjustments.

(m) Oversee and provide supervision of accounting staff.

(n) Perform other duties as assigned by the Executive Board.

(o) Delegate any of these duties and responsibilities as it deems appropriate

SECTION 5.4. Pooled Liability Program Committee.

(a) The "Pooled Liability Program Committee" shall be a standing committee of the Authority. The committee shall consist of up to six members, at least one of whom shall be a member of the Executive Board selected by the President and who shall serve as the Committee Chair. All members of the committee shall be: (1) affiliated with Member Agencies who are participants in the Authority's Pooled Liability Program; (2) knowledgeable about the operation of the program; and (3) selected by the President. Committee members other than the Committee Chair shall serve two, two-year terms with the terms of two or three members beginning in even-numbered calendar years and the other two members' terms beginning in odd-numbered calendar years. The term of the Chair shall be indefinite and at the pleasure of the President.

(b) The purpose of the Pooled Liability Program Committee shall be to advise the Executive Board and the Board of Directors of all operational aspects of the Pooled Liability Program and to execute and implement the directions of the Executive Board with regard to matters within the committee's powers, duties and responsibilities, which shall be as follows:

(c) Underwriting

- i. Advise and report to the Executive Board on matters relating to prospective new members to the Program.
- ii. Solicit information necessary to evaluate membership applications.
- iii. Determine adequacy of information provided by prospective members.

(d) Coverage Issues

- i. Review and advise on Memorandum of Coverage matters.
- ii. Make recommendations to the Executive Board concerning coverage issues.

(e) Claims Administration

- i. Advise and report to the Executive Board and the Board as to the nature and extent of claims adjusting and legal defense services necessary to protect the funds of the Authority, and as to the settlement of those claims which involved liability of the Authority.
- ii. Recommend policies and procedures for claim processing.
- iii. Review all claims reported by Member Agencies.
- iv. Approve settlement of claims within a range of authority as determined by the Claims Management Policy & Procedure.
- v. Make recommendations on settlement of claims greater than the limit of authority established in the Claims Management Policy & Procedure.
- vi. Oversee the preparation of a quarterly claims report to all members.
- vii. Administer contract for claims services and recommend approval of payments.
- viii. Make recommendation on the selection of a claims administrator.

(f) Loss Control

i. Develop programs, policies and resources that will enable Member Agencies to reduce liability and property damage losses.

ii. Provide for inspections of facilities to assist members in reducing losses and improving safety and to determine compliance with CSRMA standards.

iii. Administer contract for loss control services and recommend approval of payments.

iv. Provide supervision and direction to the Authority's loss control consultation service provider.

v. Prepare an annual loss control program and budget.

vi. Coordinate safety programming with the Workers' Compensation Program Committee.

vii. Make recommendation on the selection of a Loss Control service provider.

(g) General

i. Advise on structure and funding of the Pool layer.

ii. Develop budget recommendation.

iii. Oversee projects of consultants.

iv. Report annually on the program and on the performance of contractors.

(h) Delegation of Duties

i. – Delegate any of these duties and responsibilities as it deems appropriate.

SECTION 5.5: Workers' Compensation Program Committee.

(a) The "Workers' Compensation Program Committee" shall be a standing committee of the Authority. The committee shall consist of up to six members, at least one of whom shall be a member of the Executive Board selected by the President and who shall serve as the committee chair. All members of the committee shall be: (1) affiliated with Member Agencies who are participants in the Authority's Workers' Compensation Program; (2) knowledgeable about the operation of the program; and (3) selected by the President. Committee members other than the Committee Chair shall serve two, two-year terms with the terms of two or three members beginning in even-

numbered calendar years and the other members' terms beginning in odd-numbered calendar years. The term of the Chair shall be indefinite and at the pleasure of the President.

(b) The purpose of the Workers' Compensation Program Committee shall be to advise the Executive Board and the Board of Directors of all operational aspects of the Workers' Compensation Program and to execute and implement the directions of the Executive Board with regard to matters within the committee's powers, duties and responsibilities, which shall be as follows:

(c) Underwriting

i. Solicit information necessary to evaluate membership applications. Determine adequacy of information provided by prospective members.

ii. Advise and report to the Executive Board on matters relating to prospective new members to the program.

(d) Coverage Issues

i. Review coverage issues as they arise and make a determination relative to the coverage issue.

(e) Claims Administration

i. Advise and report to the Executive Board and the Board of Directors as to the status of the Program.

ii. Solicit proposals, select, and recommend to the Executive Board qualified candidates to serve as the program's Workers' Compensation Claims Administrator.

iii. Administer the contract for claims services and review invoices.

iv. Provide supervision and direction to the Authority's claims administrator.

v. Review procedures for claim processing and recommend changes if appropriate.

vi. Review claims frequency and severity reported by participants.

vii. Oversee the preparation of a quarterly claims report to all participants.

viii. Identify needs of participants and recommend training.

ix. Review disputed claims and settle claims within authority granted by the Executive Board pursuant to the Workers' Compensation Claims Management Policy & Procedure.

(f) Safety

i. Develop programs, policies and resources that will enable participants to reduce Workers' Compensation losses.

ii. Provide for inspections of participants' facilities to assist in reducing losses and improving safety.

iii. Administer contract for safety services and recommend approval of payments.

iv. Provide supervision and direction to the Authority's safety program consultant.

v. Prepare and coordinate an annual safety program.

vi. Coordinate safety program with Pooled Liability Program Committee.

(g) Budget

i. Recommend Program budget.

(h) Delegation of Duties

i. – Delegate any of these duties and responsibilities as it deems appropriate.

SECTION 5.6. Meetings of Standing Committees. Standing committees shall meet on the call of their respective committee chairs. Minutes of committee meetings shall be recorded and upon approval shall be distributed to the Executive Board and Board of Directors. Activities of committees shall be reported upon as directed by the Executive Board. Meetings of committees shall be conducted in accordance with the Ralph M. Brown Act (California Government Code sections 54950 et seq.) including, as applicable, the provisions of sections 54952.2 and 54952.3.

ARTICLE VI - PROGRAM DIRECTOR

SECTION 6.1. Appointment. The Board shall appoint a Program Director in accordance with Section 14 of the Agreement.

SECTION 6.2. Powers. In accordance with Section 14 of the Agreement, the Program Director shall administer the business and activities of the Authority. The Program Director shall have such powers, duties and responsibilities as set forth in the Agreement, these Bylaws and as may be provided by agreement between the Program Director and the Authority or as otherwise delegated to the Program Director by the Board of Directors or the Executive Board.

ARTICLE VII - REIMBURSEMENT FOR TRAVEL EXPENSES

Subject to the provisions of Article III, Section 3.3(b)ii. of these Bylaws, members of the Executive board, principal staff designated by the Executive Board and members of committees shall be reimbursed for all reasonable and necessary travel expenses when required or incurred by those persons in attending meetings of the Executive Board or a committee of the Authority. Reimbursable expenses shall include all charges for meals, lodging, air fare and costs of travel by automobile at the rate per mile allowed as a business expense by the Internal Revenue Service. The Treasurer-Auditor, upon approval of the President, shall be authorized to pay all such expenses deemed reasonable and necessary so long as sufficient funds have been budgeted therefor. Payments for amounts in excess of that budgeted must be approved by the Executive Board.

CSRMA shall reimburse a Board Member or Committee Member any reasonable and necessary travel expenses incurred for the member to attend a CSRMA meeting held in conjunction with another industry meeting (ie: CASA), and **only if** that member's sole purpose is to attend CSRMA's meeting.

Reasonable and Necessary is defined as those expenses which the member would not have incurred in performing the normal business of its agency.

Article VIII - TERMINATION OF A MEMBER AGENCY MEMBERSHIP

A Member Agency may be terminated from membership in the Authority or from participation in a program of the Authority, in accordance with Section 24 of the Agreement. The procedures for terminating a Member Agency are as follows:

SECTION 8.1. Initiation. Proceedings for termination of a Member Agency as a participant in a program of the Authority or as a member of the Authority may be initiated by the Program Director, by any officer, director or standing committee of the Authority or by any Member Agency. The person initiating termination proceedings

shall do so by a written report and recommendation to the Executive Board, setting forth in detail the grounds upon which the recommendation is made.

SECTION 8.2. Notice and Hearing by Executive Board. Upon receipt of the report and recommendation, the Executive Board shall hold a hearing on the matter of the termination, at which hearing the affected Member Agency shall have the right to offer written and oral testimony. The Executive Board shall give the Member Agency at least thirty (30) days prior written notice of the hearing, and shall provide the Member Agency with a copy of the report and recommendations required to initiate the termination proceedings.

SECTION 8.3. Recommendations of Executive Board. At the close of the hearing on the matter of termination, the Executive Board shall determine whether or not to recommend to the Board of Directors that the Member Agency be terminated. If the Executive Board decides not to recommend termination, no further action shall be taken. If the Executive Board decides to recommend termination, it shall forward such recommendation, in writing, to the Board of Directors along with the record of the proceedings before the Executive Board.

SECTION 8.4. Hearing and Determination of the Board of Directors. The Board of Directors shall hold a hearing on the recommendation at its next meeting, which may be a regular or a special meeting; provided, however, that the affected Member Agency shall have received a copy of the recommendation and such notice of the meeting as is given to all Board members. At the hearing the affected Member Agency shall have the right to offer written and oral testimony. At the close of the hearing, the Board of Directors shall decide whether or not to terminate the Member Agency. If the Board votes to terminate the Member Agency, the reasons for such decision shall be given in writing to the Member Agency. Termination shall be effective sixty (60) days after the date of mailing of such written reasons to the Member Agency.

ARTICLE IX - AMENDMENT

These Bylaws may be amended from time to time by resolution of the Board of Directors duly adopted upon a two-thirds vote of the entire Board of Directors at a regular or special meeting of the Board; provided, however, that no such amendment shall be adopted unless at least thirty (30) days written notice thereof has previously been given to all members of the Board of Directors. Such notice shall identify the section or sections of the Bylaws proposed to be amended.

ARTICLE X - COVERAGE DOCUMENTS

Each Member Agency participating in a program of the Authority shall be provided with either a memorandum of coverage or an insurance policy, as the case may be, which shall describe in detail the nature of the applicable coverage, including dollar amounts, together with any deductibles, exclusions, limitations or other provisions of the coverage.

ARTICLE XI - RECORDS RETENTION

All records and documents of the Authority shall be retained in accordance with a records retention policy and procedure adopted by the Board of Directors.

ARTICLE XII - LIABILITY AND INDEMNIFICATION

SECTION 12.1 - INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES - The Authority shall defend and indemnify its directors, officers and employees to the same extent as any public agency of the State of California is obliged to defend and indemnify its public employees pursuant to California Government Code e 825 et seq. or other applicable provisions of law.

SECTION 12.2 - INSURANCE - The Authority may insure itself to the extent deemed necessary by the Board of Directors against loss, liability and claims arising out of or connected to the conduct of the Authority's activities.

SECTION 12.3 - INDEMNIFICATION BY MEMBER AGENCIES - To the extent any Member Agency's negligent or wrongful act or omission is the cause of an injury for which other Member Agencies may be, or are sought to be, held liable pursuant to California Government Code e 895 et seq., the Member Agency which is legally responsible for the injury shall, at its own expenses, defend, indemnify and hold harmless all of such other Member Agencies from any and all legal consequences of the negligent or wrongful conduct or omission. Nothing in this Section shall be deemed to preclude a Member Agency having the duty to defend, indemnify and hold harmless, from resorting to any insurance or other form of coverage for losses available to the Member Agency, including insurance or coverage for losses procured through the Authority.