

**RESTATED BYLAWS  
OF THE  
ORGANIZATION OF SELF-INSURED SCHOOLS  
("OSS")**

**Effective as revised and restated as of July 1, 2020**

**PREAMBLE / MISSION STATEMENT**

The Organization of Self-Insured Schools (hereinafter designated as "Authority" or "OSS") was established pursuant to a Joint Exercise of Powers Agreement (hereinafter designated as the "Agreement") for the purpose of providing the services and other items necessary and appropriate for the establishment, operation, and maintenance of a self-insurance joint protection program for property and liability insurance for the public education agencies (hereinafter "Members"), and to provide a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding self-insurance.

**RESTATEMENT OF BYLAWS**

The herein Restated Bylaws of the Authority fully supplant, amend, replace, and otherwise restate the previous Restated Bylaws of the Authority and are herein restated and effective as of July 1, 2020.

**ARTICLE I**

**MEMBERSHIP**

A. Eligibility. No public educational agency may participate in the insurance programs of the Authority unless they are a Member of the Authority. For the purposes of these Bylaws, "Educational Agency" means an agency, other than a federal agency, which is supported in whole or in part by funds appropriated for educational purposes or an agency formed by a group of educational agencies, all of whom are Members of this Authority, to perform a specific service for said agencies related to the performance of their educational purposes and/or permitted under the California Education Code. If said agency provides services to non-educational third parties or educational agencies that are not Members of the Authority, liability

connected to providing those services will not be covered by Authority insurance programs or, if covered, will be subject to an additional premium charge and/or a reduction in the coverage under the SIR Fund. Membership shall be granted only to those agencies approved for membership by a formal approval of two-thirds (2/3) of the Executive Committee. Membership shall not be effective until such approved agency shall become a signatory to the Agreement and has further agreed to comply with the terms of the Agreement and these Bylaws and any amendments or additions thereto hereinafter adopted by the Board of Directors. The Board of Directors may revoke its approval of membership to any public educational agency at any time prior to such agency's being a member for three (3) years. New members may be "Probationary Members" for their first three years of membership. "Probationary Members" may also be referred to from time to time herein as "new members." The Board of Directors may, at its discretion, by majority vote, determine a new member to be treated as a Probationary Member, and therefore subject to the provisions of Article I.B. hereunder.

B. Probationary Members. In the event a new or returning school district or other public education agency is allowed by the Board of Directors, and consistent with the Joint Powers Agreement and its Bylaws, to join the Authority, said newly joining or rejoining Member may be treated as a Probationary Member and may become obligated to remain a Member and to refrain from withdrawal of membership for a period of three (3) years from the date when its membership is accepted. Notwithstanding the above, the Board of Directors may, in its discretion, by a majority vote, terminate a Probationary Member at the end of any fiscal year of the Authority or may relieve a Member from its three (3) year obligation if that Member dissolves or is merged or unified with another school district or public education agency or, by a two-thirds (2/3) vote, after one (1) year as a Probationary Member make such member a regular member of the Authority. If during the initial three (3) year probationary period the claims experience of the Probationary Member is not within the range established for other Members,

the Board of Directors, in its sole discretion, may terminate the Probationary Member or may negotiate an annual contribution which is greater than the annual contribution set for other Members and extend the probationary membership status for up to two (2) additional years. If a Probationary Member is terminated pursuant to the foregoing provision, notification of such termination shall be given no later than January 1st, to be effective the following June 30th, unless the Authority and the Probationary Member mutually agree to extend the date for notification. The Board of Directors shall determine the effective date of the end of such probationary membership status in accordance with the provisions of Section B of this Article. During its probationary period, the Probationary Member shall be responsible for payment of all claims and penalties in excess of the total premiums paid for the fiscal year.

C. Reorganization of Members. Should any Member reorganize in accordance with state statutes, the successor-in-interest or successors-in-interest to the obligation of any such reorganized Member may be substituted as a Member.

D. County Office of Education (“COOE”) Inclusions in Annual Contribution. Notwithstanding the provisions of Article I as to “Full” Members or Probationary Members of the Authority, the annual contribution of a COOE shall include all funds associated with the program, including insurance premiums, audit expenses, risk management fees, loss fund reserves, and other necessary expenses determined by the Executive Committee, for each individual COOE Member as follows:

(1) For all years that the Agreement is in effect for any COOE Member of the Authority subsequent to the date of this Amendment, the annual contribution of each individual COOE Member shall be an amount determined by the Executive Committee as payable by each such individual COOE Member, based upon an actuarial determination of the actual insurance premiums, audit expenses, risk management fees, loss fund reserves and other necessary expenses reasonable and proximately related to each such individual COOE Member based upon

submission of program risk information by each such COOE Member to actuarial personnel designated by the Authority to determine the annual contribution of each such individual COOE Member.

(2) Should the Executive Committee determine that an additional contribution is required to the reserve account, each COOE Member shall contribute an annual amount as determined by a majority of the Executive Committee determined pursuant to Subsection D. (1) above.

(3) The Authority shall receive each COOE Member's annual contribution within sixty (60) days of the billing date. If a COOE Member fails to pay its annual contribution within sixty (60) days of the billing date, then potential late penalties may be applied to the contribution amount in accordance with the Restated Bylaws.

(4) All other provisions of this Article I shall apply to a COOE Member as set forth in the Restated Bylaws of the Authority, including any Amendments thereto.

## ARTICLE II

### BOARD OF DIRECTORS

A. General Powers. All of the powers granted to the Authority under California law, the Agreement and these Bylaws shall be vested in and exercised by the Board of Directors of the Authority. Said Board of Directors shall have the power to delegate any of its powers to an Executive Committee, or an authorized agent or representative or to one or more committees or elected officers of the Authority.

B. Representatives and Alternates. Each Member of the Authority (except Probationary Members) shall be entitled to appoint to the Board of Directors a representative per 4000 ADA or fraction thereof, as stated on the most recent P-2 report, and two alternates who shall be designated in writing. Probationary members shall be entitled to appoint representatives to the Board of Directors on the same basis in the year following the end of their probationary

period. Said representatives and said alternate must be an employee or governing board member of the participating district or other public educational agency. Only the designated representative or designated alternate may represent a Member, and each shall be invited to attend all meetings of the Board of Directors. The designated representative and designated alternate may invite members of their agencies' staffs or consultants to attend meetings of the Board of Directors in an advisory capacity.

C. Number of Votes. Each representative who is in physical attendance or the designated alternate who is in physical attendance, if the designated representative is absent, shall have one vote. No proxy or absentee votes shall be permitted. Except as otherwise provided in these Bylaws, a vote of a majority of those Members present at a meeting shall be sufficient to constitute action, provided that a quorum is present.

D. Meetings. The Board of Directors may conduct regular, adjourned regular, special, and adjourned special meetings, provided, however, that it will hold at least one regular meeting annually. The date, time, and place for each such regular meeting shall be fixed by resolution of the Board of Directors. All meetings of the Board of Directors shall be called, held and conducted in accordance with the terms and provisions of the Ralph M. Brown Act (Sections 54950 et seq.) of the California Government Code, said Chapter may be modified by subsequent legislation, and as the same may be augmented by rules of the Board of Directors not inconsistent therewith. Except as otherwise provided or permitted by law, all meetings of the Board of Directors shall be open and public. The Board of Directors shall cause minutes of its meetings to be kept, and shall promptly transmit to the Members of the Authority true and correct copies of the minutes of such meetings.

E. Quorum. A quorum for the transaction of business by the Board of Directors shall consist of twenty-five percent (25%) of the Board of Directors membership present at a duly scheduled meeting of the Board of Directors.

F. Designation of Location for Communications. The Board of Directors shall designate a specific location at which it will receive notices, correspondence, and other communications, and shall designate one of its members as an officer for the purpose of receiving service on behalf of the Board of Directors. The Board of Directors shall comply with the provisions of Section 6503.5 requiring the filing of a statement with the Secretary of State.

G. Appointment of Committees. The Board of Directors may appoint and dissolve working committees from its active membership or by contracting for services of others in keeping with the Joint Powers Agreement and these Bylaws. The Board of Directors shall have the authority to create an executive committee to direct the activities of the Authority and may delegate all of its powers to such committee except those specifically reserved to the Board of Directors by California law, the Agreement, or these Bylaws.

H. Determination of Member Contributions. The Board of Directors shall determine premium contributions and the method by which contributions will be paid to the fund. The Board of Directors shall also provide for additional assessments during the year, if necessary or appropriate, to allow for increased costs and expenses as may occur.

I. Accounting and Processing of Claims. The Board of Directors shall ensure that a complete and accurate system of accounting of the fund shall be maintained at all times consistent with established auditing standards and accounting procedures. The Board of Directors shall determine the manner in which Property and Liability claims shall be processed. Such processing shall conform to all provisions of law now in effect or later enacted.

J. Procedural Rules. The Board of Directors may establish rules governing its own conduct and procedure; and have such expressed or implied authority as is not inconsistent with or contrary to the laws of the State of California, these Bylaws, or the Joint Powers Agreement. If the Board of Directors does not designate any other procedural guide, the most current edition of Roberts Rules of Order shall apply.

K. Compensation. No one serving on the Board of Directors shall receive any salary or compensation from the Authority.

L. Indemnification of Officers, Directors, Committee Members, and Agents.

(1) Indemnification. In order to induce officers, directors, committee members, and agents of the Authority to continue to serve as such and to induce others to serve as officers, directors, committee members, and/or agents and in consideration of such service, the Authority shall indemnify and hold harmless each officer, director, committee member and/or agent now or hereafter serving the Authority, and may elect in its sole discretion to indemnify and hold harmless other agents of the Authority, from and against any and all claims and liabilities to which he or she may be or become subject to by reason of his now or hereafter being or having heretofore been an officer, director, committee member, and/or agent of the Authority and/or by reason of his alleged acts or omissions as an officer, director, committee member, and/or agent as aforesaid and shall reimburse each officer, director, committee member, and/or agent of the Authority in connection with defending against any such claims or liabilities. The foregoing rights of officers, directors, committee members, and agents shall not be exclusive of other rights to which they may be lawfully entitled.

(2) Good Faith Conduct. The officers, directors, committee members, and agents seeking indemnification must be found, in the manner provided below, that they acted in good faith, and in a manner they believe to be in the best interest of this Authority and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position will use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the persons did not act in good faith or in a manner in which they reasonably believe to be in the best interest of this Authority or that they had reasonable cause to believe that their conduct was unlawful. In the case of a criminal proceeding, the person must have had no

reasonable cause to believe that their conduct was unlawful.

(3) Determination of Good Faith Conduct. The determination that the officer, director, committee member, and/or agent did act in the manner complying with the above paragraph shall be made by:

a. A majority vote of a quorum consisting of directors who are not parties to such proceeding, present and voting at a duly held meeting of the Board of Directors;

or

b. The court in which the proceeding is or was pending.

Such determination may be made on application brought by this Authority or the agent or the attorney or other person rendering a defense to the officer, director, committee member, and/or agent whether or not the application by the officer, director, committee member, agent, attorney, or other person is opposed by this Authority.

(4) Limitations. No indemnification or advance shall be made under this Article and under any circumstances when it appears:

a. That the indemnification or advance would be inconsistent with provisions of the Agreement, a resolution of the Board of Directors, 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 the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

(5) Definitions. For the purposes of this Article:

a. "Agent" means any person who is or was an employee of the Authority or is or was serving at the request of the Authority as a member of any committee authorized by the directors of this Authority.

b. "Proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative.

c. "Committee Member" means any person who is or was on any committee authorized by the directors of this Authority.

### ARTICLE III

#### EXECUTIVE COMMITTEE

A. General. If the Board of Directors appoints an Executive Committee, it shall consist of a maximum of eleven directors and shall have such duties and powers as may be prescribed by these Bylaws or the Board of Directors. The Executive Committee shall include at least one director each from the following members: Selma Unified School District, Kerman Unified School District, Los Banos Unified School District, Fowler Unified School District, Kingsburg Joint Union School District and one director from an elementary school district and five (5) at large members. If additional members are appointed to the Executive Committee, all such additional members shall be selected by the Board of Directors. Any additional member appointed to the Executive Committee must be a member of the Board of Directors.

The Executive Committee shall conduct the business of the Authority between meetings of the Board of Directors and shall exercise such powers as are delegated to it by the Board of Directors or as set forth in these Bylaws. The Executive Committee shall hold at least one regular meeting each quarter. It shall provide for such other regular and special meetings as it deems necessary.

B. Responsibilities - Non-Delegability. The Executive Committee shall have the following powers and responsibilities which may not be delegated: implementing Board of Directors policy and monitoring activities of the Chief Financial Officer and policy and benefits consultants; maintaining an awareness of the property and liability insurance field developments; retaining overall supervisory responsibility respecting delegated functions; establishing each

Member's share of operating costs; approving payment of proper charges for costs of administering the Authority and its programs; establishing criteria for and selecting all policy and benefit consultants; establishing criteria for and selecting insurance brokerage companies in risk management services; establishing criteria for and selecting claims administration personnel or services; approving all property and liability programs, loss prevention programs and policies and other risk management services which can help the Authority carry out its property and liability risk management objectives and its obligations to Members; and recommending to the Board of Directors whether to approve payment requests from Members when such requests are for non-covered items or are in excess of authorized or covered amounts.

C. Responsibilities - Advisory. The Executive Committee shall make recommendations to the Board of Directors respecting the following matters which must be approved by the Board of Directors before becoming effective: establish criteria for and select all policy and benefit consultants; establish criteria for and recommend insurance brokerage companies in risk management services; establish criteria for and recommend claims administration personnel or services; recommend to the Board of Directors, loss prevention programs and policies and other risk management services which can help the Authority carry out its risk management objectives and its obligations to Members; recommend to the Board of Directors assessments as may be required to be levied against any or each Member pursuant to the provisions of these Bylaws or the Agreement; and recommend to the Board of Directors whether to approve payment requests from Members when such requests are for non-covered items or are in excess of authorized or covered amounts.

D. Meetings. The Executive Committee shall establish a regular meeting place and shall designate the date and time for regular meetings. All meetings of the Executive Committee shall be called, conducted, and in all respects, governed by the provisions of Title 5, Division 2, Chapter 9 (commencing with Section 54950 of the Government Code). All business conducted

by the Executive Committee shall be recorded by the Secretary in the minutes of the Authority. Each member of the Executive Committee shall have one vote. A quorum for the transaction of business by the Executive Committee shall consist of six (6) members of the Executive Committee membership present at a duly scheduled meeting. The affirmative vote of a majority of the quorum of the Executive Committee shall be necessary to take action on any item.

E. Reports. The Executive Committee shall report to the Board of Directors at least annually, in order to advise the Board of Directors of its decisions and activities concerning implementation and operation of the Authority's property and liability programs.

F. Appeal to Board of Directors. Any decisions of the Executive Committee may be appealed to the Board of Directors by any Members subject to any restrictions as the Board of Directors may adopt.

## **ARTICLE IV**

### **OFFICERS**

The Executive Committee shall elect from its members a President, Vice-President, Secretary and Chief Financial Officer, each of whom shall hold office for one (1) year and until the election and qualification of their successors. Any officer may be removed at any time upon an affirmative vote for removal of two thirds (2/3) of the Executive Committee.

The President shall preside at all meetings of the Board of Directors and the Executive Committee and shall be the Chief Executive Officer of the Authority. The President shall also execute documents on behalf of the Authority.

The Vice-President shall in the absence of the President possess and exercise the same powers as the President.

The Secretary shall attend all meetings of the Board of Directors and the Executive Committee and shall record all proceedings of the Authority in the minutes. The Secretary shall give notice of all meetings of the Board of Directors and the Executive Committee.

The Chief Financial Officer of the Authority shall receive and have custody of all funds of the Authority; keep and maintain adequate books and records of account and of the Authority's assets and liabilities; and shall perform any other duties that may be assigned from time to time by the Board of Directors or by the President.

## **ARTICLE V**

### **ADMINISTRATION**

A. **General.** The Board of Directors shall administer the Authority. The Board of Directors shall have the authority to carry out all functions of the Authority, including but not limited to, making and entering into contracts; employing agents and employees; acquiring, holding, and disposing of personal property; incurring debts, liabilities, or obligations necessary for the accomplishment of the Authority; receiving, accepting, and expending or disbursing funds by contract or otherwise, for purposes consistent with the provisions hereof; and, maintaining at all times a complete and accurate system of accounting for said funds.

B. **Specific Authorities.** The Board of Directors shall have the power and authority to receive, accept, and utilize the services of personnel offered by any of the parties to these Bylaws, or their representative or agents; to receive, accept, and utilize property, real or personal, from any of the parties to these Bylaws, or their agents or representatives; and to receive, accept, expend and disburse funds by contract or otherwise, for purposes consistent with the provisions of these Bylaws, which funds may be provided by any of the parties to these Bylaws, or their agents or representatives.

C. **Confidential Information.** The Authority may request and shall be entitled to receive information concerning the financial condition of each self-insured Member whose liabilities to pay compensation may devolve upon it. This information shall not be disseminated to any person or entity other than the members of the Board of Directors, and may only be used by the Board of Directors while acting in its official capacities.

D. Obligations of an Insolvent Self-Insurer. Upon order of the Director of Industrial Relations pursuant to Section 3701.5 of the Labor Code, the Authority shall assume the property/liability obligations of an insolvent self-insurer. The Authority shall maintain sufficient assets to pay the obligations of the insolvent member.

E. Recourse. The Authority has the right and obligation to obtain, as reimbursement from an insolvent self-insurer, the amount of the self-insured's compensation obligations including reasonable administrative and legal costs. The Authority has the right to obtain reimbursement for the above from any security deposit or any other sums that the insolvent member paid to the Authority. The Authority has the right to bring an action against any person to recover compensation paid and liability assumed by the Authority. The Authority may be a party in interest in any action brought by any other person seeking damages resulting from the failure of an insolvent member to pay property/liability.

F. Annual Report. The Board of Directors shall provide, or cause to be provided each Member with an annual report of the financial condition of the Authority.

G. Third-Party Administrator. The Executive Committee may contract with a third-party administrator (hereinafter the "Administrator"). Such Administrator must possess a certificate of consent to administer self-insured property and liability claims. The Administrator may reject, settle, compromise and approve claims against the Members, its officers, or employees within such limits and for such amounts as the Executive Committee may specify. The Administrator may issue checks in payment of claims. The rejection or settlement and approval of a claim by the Administrator shall have the same effect as would the rejection or settlement and approval of such claim by the Executive Committee.

H. Budget. The Board of Directors shall annually, on or before July 1st, adopt a budget showing each of the purposes for which the Authority will need money and the estimated amount of money that will be needed for each such purpose for the ensuing fiscal year. A copy

of the budget shall be transmitted to each of the Members.

## ARTICLE VI

### FINANCE

A. Fiscal Year. The Authority shall operate on a fiscal year from July 1st to June 30th.

B. Contributions. Each Member shall pay to the Authority each policy year the contributions determined by the Board of Directors.

C. Inclusions in Annual Contribution. The annual contribution shall include all funds associated with the program, including insurance premiums, audit expenses, risk management fees, loss fund reserves, additional premiums, interim billings, and other necessary expenses determined by the Board of Directors, for each Member as follows:

(1) For the first year that the Agreement is in effect for any Member of the Authority, the annual contribution shall be as per quotation to each Member.

(2) For all years after the first year of membership, the contribution shall be determined by the Board of Directors upon submission of updated program risk information by each Member.

(3) If the Board of Directors determines that a contribution is required to the reserve account, each Member shall contribute an annual amount as determined by a majority of the Board of Directors.

D. Late Payment Penalties. The provisions of this paragraph shall apply to annual contributions of Members which are received by the Authority more than sixty (60) days after the billing date unless the Member is undergoing or has undergone dissolution, elimination, or merger. If a Member pays its annual contribution more than sixty (60) days after the billing date, said Member shall be subject to a penalty in the amount of one percent (1%) of its contribution amount for each month, or fraction thereof, by which the Member's contribution is late. The

minimum late penalty will be Three Hundred Dollars (\$300.00). In the event a Member requests extension of its time to pay its annual contribution, said Member shall provide written notification of such request to the chairman of the Executive Committee. Any such extension of time may only be granted by a majority vote of the Executive Committee. Any request for extension of time for payment shall be granted only at the discretion of the Executive Committee and only for such periods of time and on such conditions as may be required by the Executive Committee. In the event of request for extension of time for payment, the late penalties described above shall pertain to the requesting Member unless and until the request for extension of time is approved.

(1) If said annual contribution is not paid within the required sixty (60) days after the billing date or within any extension permitted by the chairman or by the Executive Committee, said Member's participation in the Authority shall thereupon automatically terminate and the Member shall be charged the earned premium through such automatic termination date and the provisions hereunder relating to termination withdrawals shall apply. The Authority shall be entitled to charge and offset any earned premium in the settlement provided hereunder in the event of termination of membership. If such extension of time to pay shall be requested by a Member which is being dissolved, merged, or unified with another school district, the Executive Committee, by a majority vote, may in its discretion waive any penalties for late fees upon such terms and conditions as the Executive Committee deems appropriate.

E. Assessments. Probationary Members shall be assessed and shall pay all of their claim losses which are in excess of their annual contribution (excluding the portion of the annual contribution for administrative costs). Should the total claims obligation of the Authority and the administrative and other expenses of the Authority for all Non-Probationary Members exceed the total of the annual contributions of all the Members, the Board of Directors may, from time to time, if it determines that its reserves are inadequate to cover such excess or if so applied will

reduce the reserves below a prudent level, assess the Non-Probationary Members for any additional amounts required to cover such costs and expenses. The amount and allocation thereof shall be determined by the Board of Directors in its sole discretion. The Board of Directors may also borrow funds from any financial institution for the purpose of fulfilling its cash needs until such time as such assessments are made and collected.

F. Authority of Board of Directors to Handle Claims. The Board of Directors shall have the power, authority, and duty to handle all aspects of property and liability claims against Members of the Authority arising out of acts occurring during participation.

G. Sister JPA Loss Fund Claim Deductibles. The Executive Committee recognizes that the OSS Sister JPA's currently do not pay a Loss Fund contribution. Accordingly, the JPA has determined to assess Sister JPA's a \$1,000.00 deductible should a liability claim arise. The JPA has determined such a charge to be reasonable under the circumstances.

## ARTICLE VII

### ACCOUNTS AND RECORDS

A. Designated Depository. The Fresno County Auditor/Controller is the designated depository of the Authority; provided, however, that the Board of Directors may at any time by resolution designate a substitute depository.

B. Accounts and Reports. The Authority is strictly accountable for all funds received and disbursed by it and, to that end, the Authority shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of law or any resolution of the Authority. Books and records of the Authority in the hands of the Chief Financial Officer shall be open to inspection at all reasonable times by representatives of the Members. The Authority, as soon as practical after the close of each fiscal year, shall give, or cause to be given, a complete written report of all financial activities for such fiscal year to each

member of the Board of Directors and to the Chief Administrative Officer of each Member of the Authority.

C. Annual Audit. The Board of Directors shall make, or contract with a Certified Public Accountant to make an annual audit of the accounts, records, and financial affairs of the Authority. The minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the California Government Code and shall conform to generally accepted auditing standards and accounting principles. When such an audit of accounts and reports is made, a report thereof shall be filed as a public record with each Member of the Authority, and also with the Auditor/Controller of Fresno County. Such reports shall be filed within twelve (12) months of the end of the fiscal year under examination. Any costs of the audit, including contracts with, or employment of Certified Public Accountants in making the audit(s) provided for herein, shall be paid by the Authority from any unencumbered funds of the Authority available for the purpose as provided by Government Code Section 6505.

D. Warrants. The Chief Financial Officer shall draw warrants to pay demands against the Authority when such demands have been duly approved by the Executive Committee or its designee. The Executive Committee, by resolution, may reissue an expired warrant including one that might otherwise be barred by the applicable statute of limitations.

## **ARTICLE VIII**

### **RISK MANAGEMENT**

The Board of Directors or Executive Committee of the Authority shall develop and adopt guidelines of risk management practices. Each of the Members as a condition to participation shall agree and does hereby agree to the implementation in its district of the guidelines of risk management practices developed by the Board of Directors, including any reinsurance requirements established by the Board of Directors. Said guidelines of risk management practices may be in the form of policy statements, forms, and/or agreements and, when adopted

by either the Board of Directors or the Executive Committee, shall have the same force and effect as though they were a provision of the Bylaws from and after their effective date.

Failure to follow any adopted risk management practice or risk management policy of the Authority shall be adequate grounds for termination of membership by the Board of Directors.

If there are any conflicts between risk management policies of Members and the policies of OSS, the risk management policies of OSS shall supersede the Members' risk management policies. The Member must conform to the risk management policies of OSS or the member will pay all costs resulting from any non-conformance.

## **ARTICLE IX**

### **WITHDRAWAL OR TERMINATION**

A. Notification. Any Member having completed three (3) consecutive years as a Member in the Authority's programs may terminate its participation by notifying the Board of Directors of the Authority in writing in accordance with the provisions of this paragraph. Such notification of termination and/or withdrawal must be made no later than December 31st of any fiscal year in order to have the withdrawal be effective at the end of that same fiscal year in which notification was given. Such notification by a terminating Member must be clear and unequivocal. If a Member provides less than the required period of notification of termination and/or withdrawal, or if such notice is not clear and unequivocal, Member shall be liable and responsible for its full annual contribution for the next fiscal year after such termination and/or withdrawal, as though it were still a Member. The Board of Directors may waive some or all of the Member's liability and responsibility for the said annual contribution upon written request by said Member and upon such terms and conditions (including the establishment of a reserve account pursuant to the provisions of these Bylaws) if the Board of Directors finds sufficient cause for excuse of some or all of the responsibility and liability for said annual contribution. In the event the terminating or withdrawing Member intends to revoke the notification of

termination or withdrawal, Member shall have until May 20th of the same fiscal year it informed the Board of Directors of its decision to terminate or withdraw, to notify the Board of Directors of its revocation of its notice of termination and/or withdrawal. In the event a withdrawn Member fails to comply with any of the time requirements hereunder or in the event the Board of Directors allows the Member's withdrawal to be effective on any date other than June 30th, such withdrawing Member shall pay for any special accounting fees or audit fees incurred as a result thereof. In the event a Member provides the Board of Directors with its Notification of withdrawal on two (2) separate occasions during any consecutive three (3) year period, the second Notice shall be deemed effective, and not subject to withdrawal hereunder by the Member, absent the affirmative vote of 2/3 of the Board of Directors.

Notwithstanding any of the above, in the event a Member withdraws from the Authority because it is dissolved, merged or unified with another school district, then such Member shall provide reasonable notice of withdrawal under the pertinent circumstances. In that event, the Member's liability and responsibility for the next fiscal year's annual contribution shall pertain and apply only if the Board of Directors determines that the notice of termination and/or withdrawal given by the Member which is dissolving, merging or unifying with another district was unreasonable under the circumstances.

B. Reserve Account. A terminating or withdrawing Member shall fund a Reserve Account to create and maintain a reserve of funds to satisfy post-withdrawal claims of the withdrawing member (the "Withdrawal Reserve Account"). The Withdrawal Reserve Account shall be comprised of two distinct funds; the "Current Reserves" and the "Asset Appreciation" as defined herein. Currently held reserves of the JPA at the time of notice of termination specifically allocated to the withdrawing member shall constitute the "Current Reserves." A withdrawing member shall be given credit in funding its Withdrawal Reserve Account, for all of its Current Reserves. A withdrawing member shall also receive credit in funding its Withdrawal

Reserve Account for the Member's respective share, if any, of the total appreciation in tangible assets of the Authority at termination less all fixed and contingent obligations of the Authority (the "Asset Appreciation"). The Asset Appreciation is calculated pursuant to paragraph H of this Article. Of any current reserves remaining in the WRA after closure or resolution of all outstanding claims, the Withdrawing Member shall be entitled to receive as its Current Reserves portion of the WRA only its share of loss fund contributions directly funded into the WRA by said Withdrawing Member as current reserves, but not used to satisfy its final outstanding claims.

In the event the terminating or withdrawing Member's balance of the Current Reserves and its respective share of Asset Appreciation is not sufficient to satisfy the amount required to fund the Withdrawal Reserve Account, the Board of Directors shall require that the terminating or withdrawing Member contribute sufficient monies to fully fund the Withdrawal Reserve Account. The Withdrawal Reserve Account shall be established for all claims pending against the terminating or withdrawing Member in an amount to be determined by the Board of Directors but which said amount shall be no less than \$50,000, unless the Board of Directors in its discretion and for good cause shown, determines that a lesser amount is appropriate. In calculating the Withdrawal Reserve Account, the Board of Directors shall take into account additional reserves required for payment of possible claims against the terminating or withdrawing Member arising out of facts which occurred while the withdrawing Member was a Member in the Authority but submitted after said Member has given notification of its withdrawal from same. It shall be the duty of the terminating or withdrawing Member to fully and adequately fund the Withdrawal Reserve Account.

In establishing this Withdrawal Reserve Account, the Board of Directors shall take into consideration the historical claims history of the Withdrawing Member, as well as all Members, and its knowledge of any potential major claims which may exceed the amount of coverage

provided by any third party payer under any of the programs of the Authority. In establishing the Withdrawal Reserve Account for a withdrawing or terminating Member, the Withdrawal

Reserve Account shall include amounts sufficient to cover, but shall not be limited to, the following:

(1) All property and liability claims incurred but not yet reported (IBN) prior to the effective date of withdrawal or termination; and for all property and liability claims reported but not yet adjudicated or adjudicated and not yet paid, prior to the effective date of withdrawal or termination. Said amount shall be determined by the claims administrator and the actuary based upon the withdrawing or terminating Member's percentage contribution to the Authority for each year less a percentage of the outstanding claims of the Authority. The Board of Directors may, in its discretion, reduce the estimated reserve account for all claims based upon the reasonable expectations of its claims administrator with respect to recovery of any portion thereof from an insurer or reinsurer.

(2) The cost of carrying any payments made by the Authority during any period of time prior to Member's funding of said reserve account. It shall be the duty of the terminating or withdrawing Member to promptly, fully and adequately fund the Withdrawal Reserve Account.

(3) The payment of all administrative costs incurred in processing and adjudicating all claims applicable to the period prior to the withdrawal of the withdrawing or terminating Member.

In establishing the amount of each of the foregoing items in the Withdrawal Reserve Account, the Board of Directors shall first determine the run-out period which shall be no less than five (5) years. The Board of Directors may in its discretion extend such run-out up to a maximum of ten (10) years from the date of such withdrawal or termination.

It is recognized that the total required reserve of OSS during such run-out period may fluctuate from time to time and in the event there is an increase of more than five percent (5%), the Board of Directors may require the withdrawing or terminated Member to proportionately increase its reserve account from time to time.

C. Dissolution. Merger or Unification. Notwithstanding the above, in the event a Member withdraws because it is dissolved, merged or unified with another school district, then, at the discretion of the Board of Directors, some or all of the liabilities of the withdrawing Member may be waived by the Board of Directors.

D. Excess Funds. Any and all amount remaining in the Withdrawal Reserve Account at the expiration of ten (10) years after the Member's termination or withdrawal shall be returned to the terminating or withdrawing Member as provided below, unless court cases or claims which arose during the time the terminated Member was a Member in programs of the Authority are still ongoing at that time. If any such court cases or claims are still ongoing at the expiration of ten (10) years, then the return of reserves from the Withdrawal Reserve Account, if any, shall be made at the conclusion of the last court case or claim. The Board of Directors in its discretion may elect to reach an agreement with the withdrawing Member for an earlier distribution of excess funds to such withdrawing Member on terms which appear just and reasonable to the Board of Directors. To the extent the Withdrawal Reserve Account is comprised of funds from the Members Asset Appreciation Account, said funds shall be distributable pursuant to subsection H. hereunder.

E. Notification of Reserve Account. In the event the terminating or withdrawing Member's balance of the Withdrawal Reserve Account is not sufficient to satisfy the amount required to fund the Withdrawal Reserve Account, the Authority, within one hundred twenty (120) days after the effective date of withdrawal or termination of any Member, will notify any terminated or withdrawn Member as to the amount of their required monies to adequately fund

the Withdrawal Reserve Account the amount of their required reserve account established by the Board of Directors pursuant to Paragraph B of this Article. The terminating or withdrawing Member will have forty-five (45) days from said notification to fully fund said Withdrawal Reserve Account.

The terminating or withdrawing Member will have fifteen (15) days from the notification of the amount of its Withdrawal Reserve Account to fully and completely inform the Authority of its objections to the amounts established for said Withdrawal Reserve Account. Within fifteen (15) days of such notification of Member's objections, the terminating or withdrawing Member and the Board of Directors shall meet and confer to review Member's objections to the amount established for its reserve account. Within ten (10) days after the Board of Directors and the terminating or withdrawing Member have met and conferred, the Board of Directors will render its final decision as to the amount of the Withdrawal Reserve Account. Within five (5) days of such decision, the terminating or withdrawing Member must fund the Withdrawal Reserve Account as established by the Board of Directors. If the terminating or withdrawing Member has additional, subsequent or continuing objections to the amount of Withdrawal Reserve Account, the Board of Directors is not required to consider said objections or meet and confer with the terminating or withdrawing Member unless and until the Withdrawal Reserve Account has been funded according to the amount established by the Board of Directors.

Regardless of whether the terminating or withdrawing Member files any objections, it must fund the Withdrawal Reserve Account within forty-five (45) days of the original notification from the Board of Directors.

The Board of Directors, in its discretion, may appoint a negotiating committee for the purposes of meeting and conferring with the terminating or withdrawing Member in an attempt to resolve the objections raised by the terminating or withdrawing Member. The Board of Directors may delegate to said negotiating committee such authority as the Board of Directors

determines is necessary to settle and resolve the objections to the reserve account. The Board of Directors may grant to the negotiating committee the authority to settle the objections on such terms and conditions as the negotiating committee shall so select.

Upon the Board of Directors' resolution of these objections, if it is determined by the Board of Directors and the terminating or withdrawing Member that the amount required to fund the Withdrawal Reserve Account is less than was established by the Board of Directors, such amount shall be returned to terminating or withdrawing Member within ten (10) days following the Board of Directors' resolution of these objections. The Board of Directors' determination of the amount required to fund the reserve account shall be final.

F. Continuing Responsibilities. The terminating or withdrawing Member shall continue to be responsible for the amount of costs, liabilities, assessments, or contingencies required because of claims which exceed the amount set aside in the Withdrawal Reserve Account established pursuant to Paragraph B of this Article. If, at any time, the said costs, liabilities, assessments or contingencies exceed the Withdrawal Reserve Account, the terminated or withdrawn Member shall be notified that the Withdrawal Reserve Account has been exceeded within ninety (90) days of the Authority learning that fact. Thereafter, the Authority will generate a billing to the terminated or withdrawn Member in an amount necessary to fully fund the additional costs, liabilities, assessments or contingencies. The terminated or withdrawn Member shall pay said billing within thirty (30) days thereafter.

G. Termination Without Cause. Any Member may be terminated without cause as a Member of the Authority upon a two-thirds (2/3) vote of the Board of Directors. Termination without cause shall have the effect of eliminating a Member as a signatory to the Joint Powers Agreement and as a Member of the Authority, effective at the end of the fiscal year in which the action was taken or upon such other date as the Board of Directors may specify. In either event, a minimum ninety (90) days' notice of its termination without cause shall be given to the affected

Member, Should a Member be terminated without cause, a Withdrawal Reserve Account shall be established pursuant to Paragraph B of this Article as though the Member were voluntarily withdrawing and the Member shall continue to be liable for the amount of any costs, liabilities, assessments, or contingencies required because of claims against the Member which exceed the amount set aside in the Withdrawal Reserve Account established pursuant to Paragraph B of this Article.

H. Withdrawal of Member. In the event a Member withdraws from or terminates membership in the Authority and has been a Member for more than three (3) years, the Board of Directors shall determine the withdrawing or terminating Member's pro rata amount of Asset Appreciation of the net assets of the Authority (total tangible assets less fixed and contingent obligations including claims). To the extent dividends have been declared by the Authority, but not distributed to the Members, such dividends shall be forfeited by the withdrawing or terminating Member, and shall not be distributed to such Member except to the extent such forfeiture of declared undistributed dividends increases the withdrawing or terminating Member's Asset Appreciation account hereunder. The withdrawing or terminating Member's amount of Asset Appreciation shall be determined by dividing the total loss fund contributions paid by such Member during all fiscal years of its membership in the Authority by the total loss fund contributions paid for the same fiscal years by all Members of the Authority, including the withdrawing or terminating Member. This percentage will then be multiplied by the increase in total assets of the Authority during the same fiscal years. The foregoing amount shall be reduced by the withdrawing or terminating Member's share of all liabilities, fixed and contingent (on an accrual basis) as of the June 30th withdrawal or termination date.

The Board of Directors shall make a preliminary determination of the amount of Asset Appreciation based on the financial statements of the Authority for the prior fiscal year for

purposes of establishing a withdrawal account. A final determination shall be made within one hundred twenty (120) days after the June 30th withdrawal or termination date of said Member and the Authority shall provide written notification to said Member of said final determination within a reasonable time after the determination has been made. A withdrawing Member's Asset Appreciation Account shall be held by the Authority until the end of the fifth year after the Member's termination or withdrawal, after which time fifty percent (50%) of such amount shall be distributed ratably over a five-year period beginning on the year following the fifth year after the Member's termination or withdrawal. Thereafter the remaining fifty percent (50%) shall be paid to the withdrawing or terminating Member upon the complete termination of the Authority to the extent available. The Board of Directors, in its discretion, may elect to reach an agreement with the withdrawing Member for a distribution of excess funds to such withdrawing Member on terms which appear just and reasonable to the Board of Directors. The Board of Directors shall determine whether the obligation to pay a Member's amount of Asset Appreciation shall be discharged through a transfer of property or through a payment of funds in the time period for payment. If a Member at the time of withdrawal or termination of membership has not been a Member for three (3) full years, such Member shall not be entitled to any share of the amount of Asset Appreciation but shall nevertheless be responsible for its share of the obligations of the Authority.

## **ARTICLE X**

### **DISPOSITION OF PROPERTY AND FUNDS**

A. Dissolution of the Authority. In the event of the dissolution of the Authority, the complete rescission, or other final termination of the Joint Powers Agreement by all Members or other public educational agencies then a party to the Agreement, any property interest remaining in the Authority following a discharge of all obligations shall be disposed of as the Board of Directors shall then determine, with the objective of returning to each Member which is then or

was theretofore a Member during the three (3) year period immediately preceding the termination of the Agreement, a proportionate return on the contributions made to such properties by such parties, which shall be determined in the same manner as for a withdrawing Member as provided in Paragraph H of Article IX.

B. Determination of Value. The current fair value of Authority properties and the net assets of the Authority shall be determined by the Board of Directors. If a withdrawing or terminating Member disagrees with the current fair value of Authority properties as determined by the Board of Directors, the current fair value of said properties and/or the net value of the Authority shall be determined by an independent appraiser selected by the Board of Directors.

C. Member Deemed Withdrawn or Terminated. In the event of the dissolution of the Authority, the complete rescission, or other final termination of the Joint Powers Agreement by all Members then a party to this Agreement, each District which is currently a Member in the Authority shall be deemed to have terminated or withdrawn from the Authority and shall be subject to the reserve account requirements set forth in Article IX, Paragraph B.

D. Shortage of Funds. Upon dissolution of the Authority, complete rescission, or other final termination of the Joint Powers Agreement, in the event the amount required to fund said reserve account as established by the Board of Directors is insufficient, each Member shall be required to fund the additional amount required for their reserve account in accordance with the provisions of Article IX, Paragraph B.

In the event of dissolution, complete rescission or other final termination of the Joints Powers Agreement, Member will have thirty (30) days from the date of notification by the Authority of the additional amount required to fund said reserve account, to deposit with the Authority the funds required. If Member fails to fund the reserve account within said thirty (30) day period, the Authority has the right to proceed against Member in any lawful manner to collect delinquent contributions without further claim, demand or notice to Member. Member

hereby waives any and all further rights which it may have to any additional notice regarding said delinquent contributions.

E. Excess Funds. Upon dissolution of the Authority, complete rescission, or other final termination of the Joint Powers Agreement, in the event the amount in the reserve account for each Member is in excess of the funds required pursuant to the reserve requirements set forth in Article IX, Paragraph B, such excess funds shall be returned to each Member based upon the actual balance remaining in said reserve account after the adjudication of all claims on behalf of each Member.

## **ARTICLE XI**

### **INVESTMENT OF SURPLUS FUNDS**

A. General. The Board of Directors and/or the Executive Committee shall have the power to invest or cause to be invested in compliance with Section 6509.5 of the California Government Code, such reserve surplus funds as are not necessary for the immediate operation of the Authority in such securities as allowed by Section 53601 of the California Government Code.

B. Cash Reserves. The level of cash to be retained for the actual operation of the Authority shall be determined by the Board of Directors.

## **ARTICLE XII**

### **AMENDMENT**

A. Proposal of Amendments. An amendment to these Bylaws may be proposed by a designated representative of a Member.

B. Board of Directors Approval. All amendments to these Bylaws must be approved by a two-thirds (2/3) vote of the members of the Board of Directors present at a meeting which a quorum is present before the amendment shall become effective. Such amendments shall be binding upon all Members of the Authority. The effective date of any amendment will be on July 1st following adoption, unless otherwise stated.

### **ARTICLE XIII**

#### **EFFECTIVE DATE**

These Bylaws shall become effective immediately upon the effective date of the Joint Powers Agreement.

### **ARTICLE XIV**

#### **DEFINITIONS**

A. Member District. Whenever the term "Member District" is used herein, it shall be deemed to refer to and include all public educational agencies regardless of whether or not they are in fact a "District."

B. Costs. It is understood and agreed by and between the Members and parties to the Joint Powers Agreement that the term "costs" as used in Section 22 of the Joint Powers Agreement shall refer to all court costs, all reasonable attorneys' fees, and all reasonable fees of expert witnesses and expert consultants by the Authority in litigation to enforce provisions of the Joint Powers Agreement, including its Bylaws. Said costs, inclusive of expert witness fees and attorneys' fees, shall be recoverable against any Member legally determined to have violated the Joint Powers Agreement and/or its Bylaws.

C. Coverages Provided. For purposes of these Bylaws, the term "coverages provided" means only those coverages applicable under the policies or memorandums of coverage purchased by the Authority for the benefit of its Members. The self-insured retention

funds of the Authority provide only that coverage for Members, their agents and employees, which is provided to those insureds under the liability insurance policies or memorandums of coverage purchased by the Authority which apply as the first layer of coverage over and above the self-insured retention funds. Those coverages would generally include all owned personal property (including owned vehicles, business auto coverage, and such other liability coverage, riders, floaters, etc., as the Authority may from time to time purchase, subject to all coverage exclusions, limitations, conditions, and requirements as may be set forth in such policies. No portion of the Self-Insured Retention Fund shall be used for, nor shall the Authority be liable for, any liability of a Member for which no coverage exists under the policies or memorandums of coverage purchased by OSS for the benefit of its Members. Therefore, to the extent that there are exclusions and limitations of coverage in said liability policies or memorandums of coverage purchased by the Authority for its Members, whether those exclusions and limitations pertain to coverages under California Education Code Section 35208, California Government Code Section 990, or otherwise, all such exclusions and limitations of coverage are also applicable to OSS self-insured retention funds.

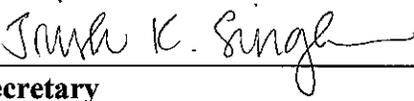
## CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of the ORGANIZATION OF SELF-INSURED SCHOOLS; and

2. That the foregoing Restated Bylaws, comprising thirty (30) pages, constitute the Restated Bylaws of the ORGANIZATION OF SELF-INSURED SCHOOLS duly approved 27<sup>th</sup> day of May, 2020, to be effective this 1<sup>st</sup> day of July, 2020.

IN WITNESS WHEREOF, I have hereunto signed my name this 27th day of May, 2020.

  
\_\_\_\_\_  
**Secretary**