

NEVADA PUBLIC AGENCY INSURANCE POOL
BYLAWS

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**BYLAWS OF THE
NEVADA PUBLIC AGENCY INSURANCE POOL**

ARTICLE I: POOL PHILOSOPHY AND STRUCTURE

SECTION 1.01. PHILOSOPHY.

The philosophy of the Pool is to maintain long term stability in the costs and coverages provided by the Pool to its Members through risk management.

SECTION 1.02. GENERAL STRUCTURE.

The Pool is governed by its Board of Directors consisting of representatives of Members as defined in the Interlocal Cooperation Agreement.

SECTION 1.03. DUTIES AND RESPONSIBILITIES.

The responsibilities of the Pool to Members shall be:

- (a) To provide a source of coverage for property, casualty and surety claims or losses ;
- (b) To provide such risk management services and materials for education purposes as the Members determine are necessary and affordable;
- (c) To provide guidance in organization and operation of a risk management program by each Member;
- (d) To provide risk management advice when needed or necessary;
- (e) To conduct the business of the Pool so as to continue to operate as a Pool; and
- (f) To collect and disburse funds for the sound financial organization and operation of the Pool.

SECTION 1.04. DUTIES AND RESPONSIBILITIES OF A MEMBER.

The duties and responsibilities of a Member shall be:

- (a) To comply with the Interlocal Cooperation Agreement, Bylaws, rules, regulations and objectives of the Pool;
- (b) To maintain good community relations with the primary objective being reduction of risks;
- (c) To make timely submissions to the Pool and its insurers of contributions to the Pool's Loss Fund, administrative fees, and insurance premiums;
- (d) To publish for the Member and the files of the Pool, guidelines for the operation of the Member's Risk Management Program;
- (e) To appoint a Pool Liaison and to support the purposes of that function in accordance with Article 19 of the Interlocal Cooperation Agreement;
- (f) To comply with the requirements of the Pool and to submit claims to the claims servicing organization promptly;
- (g) Maintenance Deductibles - Each Member's maintenance deductible is chargeable to the Member at the time of payment made on a claim by the Pool. The maintenance deductible applies once to each loss, whether it involves property, liability, crime or any combination of coverages. Each member shall reimburse the Pool's Loss Fund promptly and not later than 30 days after billing. Should the Member dispute the applicability of the maintenance deductible, the Member shall pay the amount due with an accompanying request for review by the Executive Committee, whose decision shall be final; and
- (h) Each Member shall establish a fund or account for the purposes stated in the following description entitled "Self-Insurance Fund" which shall be administered by the Pool Liaison or such other person as designated by the Member.

SELF-INSURANCE FUND

1. This fund has been established to: pay for losses not covered by the Nevada Public Agency Insurance Pool or which are within the Pool member's maintenance deductible including:
 - a. damage to or destruction of vehicles involved in accidents,
 - b. liability claims and expenses,

- c. property claims,
 - d. other claims or uses deemed appropriate by the governing board.
2. This fund will maintain reserves for catastrophic or uninsured claims.
 3. The administrator of the fund is the Pool Liaison.
 4. Claims that are deemed appropriate according to the risk management policies of the governing board will be paid from the Self-Insurance Fund.
 5. Any questions regarding the Self-Insurance Fund (claims to be paid, etc.) should be directed to the Pool Liaison.

SECTION 1.05. NEW MEMBERS.

The Board shall have sole power to accept new Members when a prospective Member demonstrates:

- (a) A desire to join the Pool;
- (b) Willingness to abide by the Interlocal Cooperation Agreement, Bylaws, rules, regulations and objectives of the Pool;
- (c) That its risks and loss history are acceptable to the Board; and
- (d) That it agrees to maintain a strong risk management program.

ARTICLE II: OFFICES

SECTION 2.01. PRINCIPAL OFFICE.

The Organization's principal office shall be fixed and located in such place as the Board shall determine. The Board is granted full power and authority to change said principal office from one location to another.

SECTION 2.02. OTHER OFFICES.

Branch or subordinate offices may be establish at any time by the Board at any place or places.

ARTICLE III: MEMBERS MEETINGS

SECTION 3.01. PLACE OF MEETINGS.

Meetings of the entire Membership shall be held at any place designated by the Board.

SECTION 3.02. ANNUAL MEETINGS.

The annual meeting of all Members of the Pool shall be held prior to the end of each fiscal year. The Executive Committee shall be elected at the annual meeting and any other proper business may be transacted at the annual meeting.

SECTION 3.02. SPECIAL MEETINGS.

Special meetings of the Membership shall be held as may be determined necessary by the Executive Committee or the Board.

SECTION 3.04. NOTICE OF ANNUAL OR SPECIAL MEETINGS.

Written notice of each annual or special meeting of Members shall be given in accordance with the Nevada Open Meeting Law NRS Chapter 241 Such notice shall state the place, date and hour of the meeting, and

- (a) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or
- (b) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action.

SECTION 3.05. CONDUCT OF MEMBER MEETINGS.

The Chair of the Board may preside as Chair at all meetings of the Members. The Chair shall conduct each such meeting in a business like and fair manner, but shall not be obligated to follow any technical, formal or parliamentary rules or principles of procedure. The Chair shall have all of the powers usually vested in the Chair of a meeting of Members.

ARTICLE IV: DIRECTORS

SECTION 4.01. POWERS.

Subject to any limitations contained in the Nevada Public Agency Insurance Pool Interlocal Cooperative Agreement ("Agreement"), these Bylaws or the Law relating to action required to be approved by the Members or by a majority of all the Members, the activities and affairs of the Pool shall be conducted and all powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the Pool to any person or persons, management company, or committee however composed, provided that the activities and affairs of the Pool shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (a) To select and remove all officers, agents, service providers and employees of the Pool, prescribe powers and duties for them as may not be inconsistent with law, the Agreement or these Bylaws, fix their compensation and require from them such security, if any, for faithful service as the Board may deem appropriate;
- (b) To conduct, manage and control the affairs and activities of the Pool, and to make such rules and regulations therefor not inconsistent with Law, the Agreement or these Bylaws, as they may deem appropriate;
- (c) To authorize memberships in the Pool from time to time, upon such terms and for such consideration as may be lawful; and
- (d) To borrow money and incur indebtedness for the purposes of the Pool, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages,

pledges, hypothecations or other evidence of debt and securities therefor.

SECTION 4.02. ALTERNATE VOTING REPRESENTATIVE.

The Alternate Voting Representative to the Board of Directors shall have the full powers of the Representative when attending Board meetings in place of the Representative.

SECTION 4.03. RIGHTS OF INSPECTION.

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the Pool.

SECTION 4.04. VACANCIES.

- (a) Subject to the provisions of the Agreement, any director may resign effective upon giving written notice to the Chair of the Board, the Executive Director, or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be selected before such time, to take office when the resignation becomes effective.
- (b) Vacancies on the Board may be filled by the Member at its next regular meeting.
- (c) A vacancy in the Board shall be deemed to exist in case of the withdrawal of the Member from NPAIP, death, resignation or removal of any director, or if the authorized number of directors be increased, or if a Member fails, at any regular or special meeting of the Member at which any director is elected, to elect its authorized director.
- (d) The Board may declare vacant the office of a director who has been declared of unsound mind by a final order of court, convicted of a felony, or been found by a final order or judgment of any court to have breached any duty arising under the laws of the State of Nevada or the Agreement. In addition, the Board may remove, and declare vacant, the office of a director who fails to attend any Board meetings within any one fiscal year.
- (e) Upon withdrawal of a Member from PACT, its board positions shall be eliminated upon the effective date of withdrawal.

SECTION 4.05. REMOVAL OF DIRECTORS.

Except as otherwise provided by the Law, any or all directors may be removed with or without cause, if approved by the Members.

SECTION 4.06. FEES AND COMPENSATION.

Directors shall not receive any compensation for their services as directors or as Members of committees or commissions, but, by resolution of the Board, reimbursement or advancement may be made for any expenses incurred or paid by them for the benefit of the Pool.

The Pool shall not make any loan of money or property to, or guarantee the obligation of, any director or officer, unless approved by the Nevada Attorney General.

ARTICLE V: COMMITTEES

SECTION 5.01. EXECUTIVE COMMITTEE:

- (a) Appointments to the Executive Committee shall be by a majority vote of the directors then in office. A majority of all the Members of the Executive Committee may determine its rules of procedure unless the Board shall otherwise provide. The Board shall have the power to change the Members of the Executive Committee at any time, either with or without cause, and to fill vacancies; provided, however, that all appointments to the Executive Committee shall be by a majority vote of the directors then in office.
- (b) The Board may, at any regular or special meeting, overrule any action or actions of the Executive Committee by a majority vote of all Members of the Board, provided that any such action will not affect the contractual rights of parties outside the Organization.

SECTION 5.02. STANDING OR SPECIAL COMMITTEES.

- (a) In the event that the Board determines that the management of the NPAIP would be benefited by the establishment

of one or more standing or special committees, in addition to the Executive Committee, the Board may from time to time establish one or more such committees.

- (b) The term "standing committee" or "special committee" shall mean any committee appointed by the Board which is authorized by specific delegation, without further Board action, to make and implement decisions on behalf of the Board, or to implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board.
- (c) The establishment of a standing or special committee shall be effected by a resolution of the Board approved by the vote of the majority of the directors then in office, which specifically sets forth the powers and duties delegated to such committee and specifically identifies the committee as a "standing" or "special committee." Each such committee shall consist of two or more directors and shall be presided over by a director selected by the Board.
- (d) Notice of, and procedures for, meetings of standing or special committees shall be as prescribed by the Chair of each such standing or special committee, and meetings of standing or special committees may be called by the Board or the Chair of the standing or special committee.

SECTION 5.03. LIMITATIONS UPON COMMITTEES OF THE BOARD.

No committee of the Board shall have any of the authority of the Board with respect to:

- (a) The approval of any action for which the Law or Agreement also requires approval of the Members or approval of a majority of all Members;
- (b) The filling of vacancies on the Board or on any committee which has the authority of the Board;
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (d) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; and
- (e) The appointment of other committees of the Board or the Members thereof if such committee will have the authority of the Board.

SECTION 5.04. TASK FORCES.

The Chair of the Board, the Board, the Executive Committee or the Executive Director may from time to time appoint such task forces as deemed appropriate, consisting of directors or persons who are not directors, but such task forces shall not be deemed committees of the Board and shall not exercise any powers of the Board. Notice of, and procedures for, meetings of task forces shall be as prescribed by the Chair of each such task force, and meetings of task forces may be called by the Chair of the Board, the Board, the Executive Committee, the Executive Director, or the Chair of the task force.

ARTICLE VI: OFFICERS

SECTION 6.01. OFFICERS.

The officers of the Pool shall be the Chair and the Vice Chair of the Board.

SECTION 6.02. ELECTION.

Members shall elect one Director, by a majority of the votes cast, to serve a two year term as Chair and one Director to serve a two year term as Vice Chair.

SECTION 6.03. SUBORDINATE OFFICERS.

The board may elect, and may empower the Chair to appoint, such other officers as the business of the NPAIP 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 may from time to time determine.

SECTION 6.04. REMOVAL AND RESIGNATION.

The Chair or any other officer may be removed at any time, either with or without cause, by the vote of two-thirds of the entire Board or, in the case of an officer who is chosen under Section 6.03, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Pool, but without prejudice to the rights, if any, of the

NPAIP under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified herein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6.05. VACANCIES.

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 election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

SECTION 6.06. CHAIR OF THE BOARD.

The Chair of the Board shall assume the duties and responsibilities normally associated with the position or those duties assigned by the Board.

SECTION 6.07. POOL EXECUTIVE DIRECTOR.

The Pool Executive Director shall be the chief administrative officer of the Pool and, subject to the control of the Board, shall:

- (a) Supervise, direct, and control the business and affairs of the Pool;
- (b) Provide adequate staff to administer the Pool;
- (c) Supervise, direct, and control the collection, deposit, investment, and disbursement of all funds of the Pool in accordance with the specific or general instructions of the Executive Committee or the Board;
- (d) Be a nonvoting ex-officio member of the Board, Executive Committee, and all standing committees and, whenever practical, serve as the staff adviser and recording secretary thereof;
- (e) Have the general powers and duties of management usually vested in the office of a Pool Executive Director or general manager of a quasi-governmental organization; and

- (f) Have such other powers and duties as may be prescribed by the Board or these Bylaws.

SECTION 6.08. FISCAL OFFICER.

The Board shall designate a member of the Board to serve as the Fiscal Officer of NPAIP.

ARTICLE VII: MISCELLANEOUS

SECTION 7.01. INSPECTION OF AGREEMENT AND BYLAWS.

The Pool shall keep in its principal office in the State of Nevada the original or a copy of its Agreement and of these Bylaws as amended to date, which shall be open to inspection by the Members at all reasonable times during office hours. The Pool shall upon the written request of any Member furnish a copy of the Agreement or Bylaws as amended to date.

SECTION 7.02. ENDORSEMENT OF DOCUMENTS: CONTRACTS.

Subject to the provisions of applicable law, no note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between the Pool and any other person shall be valid and binding on the Pool unless the signing officers had the authority to execute the same. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Pool by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

SECTION 7.03. CONSTRUCTION AND DEFINITIONS.

Unless the context otherwise requires, the general provision, rules of construction and definitions contained in the provisions of Nevada Law shall govern the construction of these Bylaws.

SECTION 7.04. MAINTENANCE OF CORPORATE RECORDS.

The accounting books, records, minutes of proceedings of the Board and the Executive Committee shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal business office of the Pool. The

minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form, or in any other form capable of being converted into written, typed or printed form.

SECTION 7.05. ANNUAL REPORT.

The Board shall cause an annual report to be furnished to the directors and Members not later than one hundred eighty days after the close of the Pool fiscal year. The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such accountant's report, the certificate of an authorized officer of the Pool that such statements were prepared without audit from the books and records of the Pool. The annual report shall contain in appropriate detail the following:

- (a) The assets and liabilities, including the trust funds, of the Pool as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) The revenue or receipts of the Pool, both unrestricted and restricted to particular purposes, for the fiscal year; and
- (d) The expenses or disbursements of the Pool, for both general and restricted purposes, during the fiscal year.
- (e) The annual financial report shall be prepared in accordance with Generally Accepted Accounting Principles

SECTION 7.06. FISCAL YEAR.

The fiscal year of the Pool shall commence on July 1 of each year and end on June 30 of the following year.

ARTICLE VIII: AMENDMENTS

SECTION 8.01. BYLAWS.

- (a) New Bylaws may be adopted or current Bylaws may be amended or repealed by the vote of two-thirds of the Members.
- (b) In addition to the right of the members as provided in subparagraph (a) to adopt, amend or repeal Bylaws, and except as otherwise provided in the Law, Bylaws may be adopted, amended or repealed by the Board by a two-thirds vote of the directors present and voting (but not less than

a majority of the entire Board) at a Board meeting unless the action would materially and adversely affect the rights of the Members as to voting.

SECTION 8.02. INTERLOCAL COOPERATION AGREEMENT

The Interlocal Cooperation Agreement may be amended if approved by a two-thirds vote of the directors present and voting (but not less than a majority of the entire Board) at a Board meeting.

SECTION 8.03. ADOPTION.

These Bylaws were adopted by the vote of two-thirds of the Members, present in person, at the annual meeting of the Members. These Bylaws shall become effective immediately upon adoption and repeal and supersede all previous Bylaws of this Pool.