

**BYLAWS
OF
THE FIRE AGENCIES SELF INSURANCE SYSTEM (FASIS)**

These Bylaws are for the regulation of the FIRE AGENCIES SELF INSURANCE SYSTEM (hereinafter referred to as System), and shall take precedence except as otherwise provided by statutes or the Agreement establishing System.

**ARTICLE 1
DEFINITIONS**

- A. The following definitions shall apply to the provisions of the Bylaws:
1. "Agreement" shall mean the document titled "Joint Powers Agreement: Creating the Fire Association Self Insurance System (FASIS)," having the effective date of July 1, 1984 (now known as the "Joint Powers Agreement: Creating the Fire Agencies Self Insurance System," pursuant to Resolution 2006-02 adopted February 23, 2006), as the same may be amended from time to time.
 2. "Board of Directors" shall mean the governing body of the System.
 3. "Claim" shall mean demands made against the System arising out of occurrences which are claimed to be within the System's Joint Protection Programs as developed by the Board of Directors.
 4. "Excess Insurance" shall mean that insurance or reinsurance purchased or other financing arrangements made on behalf of the System to cover that portion of any loss which exceeds the joint funding capacity of the program as determined by the Board of Directors from time to time. Said insurance is to protect the funds of the System against catastrophes or against an unusual frequency of losses during a single year.
 5. "Fiscal Year" shall mean the period of July 1 to June 30 of each year.
 6. "Government Code" shall mean the California Government Code.
 7. "Insurance" for convenience only, shall include both self-insurance through a funded program as well as any commercial insurance contract. Nevertheless, it is not the intention of this Agreement to alter or abrogate Section 990.8, subdivision (c) of the California Government Code, which provides that the pooling of self-insurance claims shall not be considered insurance.
 8. "Joint Protection Program" shall mean the program of establishing the coverage provided for by this Agreement, of determining the amount of initial assessments, of adopting a precise cost allocation plan and formula, of preparing pro forma

financial statements of the System, and of determining the amount and type of any excess insurance to be procured. Included within the term "Joint Protection Program, " is the identification of exposures to accidental loss or illness, the reduction or limitation of losses to Member District properties (real or personal) and from injuries to persons or property caused by the operations of a Member District, and the prudent funding of these risks. Where claims arise, the System will process or cause to be processed such claims, investigate their validity, and settle or defend against such claims within the financial limits established by the Board of Directors. The System will tabulate such claims, costs and losses and carry out other assigned duties. Also included within the "Joint Protection Program" is any Mid-Layer Pool or other function necessary to the operation of the program.

9. "Mail" shall mean both regular mail and electronic transmission by email, facsimile transmission or similar means.
10. "Member District" shall mean any fire district or community services district organized and existing under the laws of the State of California which has executed the Agreement and has become a member of the System.
11. "Memorandum of Coverage" shall mean the document provided by the System to the Member which defines the coverage, exclusions, terms, and conditions of each covered program.
12. "Risk Management" shall mean the decision relating to the management of claims, prevention of claims, general financial planning, and other prudent management functions.
13. "System" shall mean the Fire Agencies Self-Insurance System created by the Agreement.
14. "Workers' Compensation" is coverage for benefits payable to employees by employers as required by state law in the case of injury, illness, disability, or death as the result of occupational hazards.

ARTICLE 2 OFFICES

The principal executive office for the transaction of business of the System is hereby fixed and located at 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833. The Board of Directors shall have the authority to change the location of the principal executive offices from time to time. Any such change shall be noted in the Bylaws by the Secretary, opposite this section, or this section may be amended to state the new location. Other business offices may, at any time, be established by the Board of Directors at any place or places where the System is qualified to do business.

Amended 02/17/05

Approved by FASIS Membership 10/13/05

Revised and Approved by FASIS BOD 07/14/09

Revised and Approved by FASIS BOD 10/18/12

Revised and Approved by FASIS BOD 6/22/17

ARTICLE 3 GOVERNING BOARD

- A. **Board of Directors.** The governing body of the System shall be the Board of Directors. The Board of Directors shall be comprised of one representative from each of eleven (11) different Member Districts. Each member of the Board of Directors has one vote. Each member of the Board of Directors may designate an alternate to attend in their absence. Each member of the Board of Directors and alternate shall either be a member of the governing body, its administrative officer, its fire chief or staff person responsible for its risk management function.
- B. **Election of the Board of Directors.** A nominating committee shall be established consisting of the President and Vice President. The nominating committee will ensure nominations are solicited from the membership and confirm that those nominated are interested in serving. The Board of Directors shall be elected by ballot conducted under the direction of the Administrator and the nominating committee. No later than April 1st of each year, the names of candidates for the Board of Directors shall be mailed to all Member Districts. Signed ballots shall be returned no later than May 15th. In order for the election to be valid, a response rate of at least 15% of the membership is required. Should less than a 15% response be received by May 15th, staff has the option of extending the time period for receiving ballots up to June 30th. Elected members of the Board of Directors shall assume office on July 1st.
- In the event of a tie, a vote of the current members of the Board of Directors who are not involved in the tie shall determine the outcome, based on a majority of those voting.
- C. **Board of Directors Terms.** Each Board of Director member shall serve a three-year term. The terms shall be staggered with open positions being filled according to the schedule in Appendix A to this document.
- D. **Vacancies.** In the event of a vacancy in the office of President, the Vice President shall fill the vacancy; in the event of a vacancy in the office of Vice President, the vacancy in the office shall be filled by the Board of Directors electing one of its Member Districts at the next regular meeting of the Board of Directors after such vacancy occurs. For vacancies filled in this manner, the new officer shall serve for the unexpired term of the former incumbent. In the event of a vacancy for all other seats, ballots shall be mailed to the Member Districts within 30 days of the vacancy. Signed ballots shall be returned by the membership within 45 days. A response rate of at least 15% of the membership is required for the election to be valid. The elected member of the Board of Directors shall assume office upon the date of election and shall serve out the remainder of the term.
- E. **Serve at Pleasure.** A Board of Director member shall serve at the pleasure of the membership and may be removed from the Board of Directors at any time by a majority vote of the membership.

- F. **Authority.** The Board of Directors shall provide policy direction to the Administrator, an Executive Committee, and any standing committees if so desired. The Board of Directors shall have the authority to exercise all powers common to the Member Districts and all additional powers set forth in Sections 6500 et seq. of the Government Code. The authority of the Board of Directors includes, but is not limited to, the items listed below in sub section G.
- G. **Limitations on Authority to Delegate.** The Board of Directors may delegate any or all of its authority, except the following powers to:
1. Accept indebtedness (which requires a 2/3 (two-thirds) vote of the Board of Directors);
 2. Approve and amend an operating budget;
 3. Approve and amend an Investment Policy consistent with the limitations set forth in the Government Code;
 4. Amend these Bylaws (which requires a 2/3 (two-thirds) vote of the Board of Directors);
 5. Approve contracts for JPA administrative services and legal counsel;
 6. Approve Memorandums of Coverage;
 7. Approve the retained limits established by the Administrator to be offered with each program year;
 8. Levy contribution assessments, if necessary, to ensure the sound financial operation of the System;
 9. Approve dividends to Member Districts for a program year;
 10. Create an office or remove an officer;
 11. Establish, amend, or terminate a program (which requires a 2/3 (two-thirds) vote of those members of the Board of Directors participating in the specific program);
 12. Elect the officers of the System;
 13. Expel a Member from the System (which requires a 3/4 (three-fourths) vote of the Board of Directors);
 14. Approve the rescission of a Member District withdrawal notice;

15. Settle claims in accordance with the Settlement Authority Policy;
 16. Terminate or suspend the rights of a Member District in default (which requires a 3/4 (three-quarters) vote of the Board of Directors);
 17. Approve a contract or contract amendment exceeding \$25,000.00;
 18. Designate the principal office location at which the System will receive notices, correspondence and other communications; and
 19. Approve the audited financial statements.
- H. The Board of Directors may require that the System review, audit, report upon, and make recommendations with regard to the safety or claims handling functions of any Member District, insofar as those functions are affecting the liability or potential liability of the System. The Board of Directors may forward any or all such recommendations to the Member District with a request for compliance and a statement of potential consequences for noncompliance.
- I. In accordance with Government Code Section 54956.96, the System authorizes the following:
1. All information received by the Directors in a closed session Board of Directors meeting shall be confidential. However, a Director or Alternate may disclose information obtained in a closed session that has direct financial or liability implications for the Director or Alternate to the following individuals: (a) legal counsel of that Member District for purposes of obtaining advice on whether the matter has direct financial or liability implications for that Member District; and (b) governing board members of that Member District present in a closed session meeting of that Member District's governing board.
 2. Any designated alternate member of the Board of Directors (who is also a member of the governing board of his or her appointing Member District) who attends a meeting of the Board of Directors in lieu of the Member District's regular representative may attend closed sessions of the Board of Directors.

ARTICLE 4 MEETINGS OF THE BOARD

All meetings of the Board of Directors, including regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54956 et seq.).

- A. **Regular Meetings.** The Board of Directors shall hold at least two Board meetings each year. The time and place of regular Board meetings shall be established by resolution of the Board adopted from time to time. Such resolutions shall be adopted at least 30 days before the first regular meeting established by the resolution. In addition, at least 30 days prior to the first meeting, a copy of the resolution shall be provided to each Board of Directors member, each Member District, and each interested member of the public or representative of the media who has requested, in writing, written notice of System meetings.

At least 72 hours before each regular meeting, the Administrator or other designated officer shall prepare a written agenda specifying the time and location of the regular meeting and containing a brief general description of each item of business to be transacted or discussed at the meeting. The agenda shall be posted at least 72 hours before the meeting at the System office in a location that is freely accessible to the members of the public and on the website maintained by the System. A copy of the agenda shall also be provided at least 72 hours prior to the regular meeting to each member of the Board of Directors, each Member District, and each interested member of the public or representative of the media who has requested, in writing, written notice of System meetings.

- B. **Special Meetings.** The President of the Board of Directors or a majority of the Board of Directors may call a special meeting. The special meeting notice shall comply with the requirements of Government Code Section 54956.
- C. **Adjourned Meetings.** The Board of Directors may adjourn any meeting to a time and place specified in the order for adjournment, whether or not a quorum has been established. If a quorum is not established, no business other than adjournment may be transacted.

A copy of the order for adjournment shall be posted as required by Section 54955 of the Government Code. No other notice of an adjourned meeting shall be necessary, unless the adjournment is for a period of 24 hours or more, in which case notice of the adjourned meeting shall be delivered to the Board of Directors members who were not present at the time of adjournment.

- D. **Voting.** Six Members of the Board of Directors shall constitute a quorum for the transaction of business. All actions of the Board of Directors shall require the affirmative votes of a majority of the Directors present at a meeting duly held at which a quorum is present.
- E. **Minutes.** The Program Administrator of the System shall provide for the keeping of minutes of all meetings of the Board of Directors, and shall, as soon as possible after they are approved at the next scheduled meeting, cause a copy of the minutes to be forwarded to each member of the Board of Directors.

**ARTICLE 5
OFFICERS AND DUTIES OF OFFICERS**

- A. **Officers.** The officers of the Board of Directors shall be an elected President, Vice President, and an appointed Treasurer, Assistant Treasurer, Administrator, and Secretary. The President and Vice President shall be members of the Board.
- B. **Election of President and Vice President.**
1. The President and Vice President shall serve for a one-year term concurrent with the fiscal year of the System. The President and Vice President shall be elected by the Board of Directors at its last meeting of the fiscal year by a two-thirds (2/3) vote of those Board of Director representatives in attendance and constituting a quorum.
 2. The President and Vice President may be removed by a two-thirds (2/3) majority vote of the full Board of Directors. In the event of resignation by, or removal of, the President or Vice President, the Board shall elect a successor by a two-thirds (2/3) majority vote.
- C. **Appointed Officers.** The President shall appoint the Treasurer, Assistant Treasurer, Secretary, and Administrator, subject to approval by the Board. The Treasurer, Assistant Treasurer, Secretary, and Administrator shall serve at the discretion of the President. The Treasurer shall be a person who either is the Treasurer of one of the System's Member Districts, a Certified Public Accountant, or one of the officers, employees or contract employees of the System itself.
- D. **Duties of the President.** The President shall be the Chief Executive Officer of the System and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and officers of the System. The President shall preside at all meetings of the Board of Directors. The President shall have the general powers and duties of management usually vested in the office of the President, and shall have such powers and duties as may be prescribed by the Board of Directors, the Agreement, or the Bylaws.
- E. **Duties of the Vice President.** In the absence or disability of the President, the Vice President shall perform all duties assigned to the President by the Agreement and these Bylaws. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors, the Agreement, or the Bylaws.
- F. **Duties of the Treasurer.**
1. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct financial records of the System, including accounts of its

assets, liabilities, receipts and disbursements, and shall have such other duties as may be prescribed by the Board of Directors, the Agreement, or these Bylaws.

2. Election of the Treasurer per California Government Code Section 6505.6. In lieu of the designation of a Treasurer and Auditor as set forth in California Government Code Section 6505.5, the System elects to appoint the Treasurer of the System to said position under the provision of California Government Code section 6505.6. The System further elects to be governed by and incorporates herein all other provisions contained within Government Code section 6505.6. The Treasurer, or its designee, shall maintain or cause to be maintained all accounting or other financial records of the System and shall file all financial reports required of the System and shall perform such other duties as the Board of Directors may specify.
 3. The Treasurer shall furnish a corporate surety bond in an amount acceptable to the Board of Directors, but in no case less than \$100,000, conditioned upon the faithful performance of his or her duties. Premiums for such bond shall be paid by System. The Treasurer shall also invest surplus funds in accordance with an investment policy to be adopted by the Board of Directors in an attempt to obtain the maximum return to System. Surplus funds may be invested in any manner in which the parties to the Agreement legally and customarily do invest and in accordance with the adopted investment policy.
- G. **Duties of the Assistant Treasurer.** The Treasurer shall oversee, perform, and/or delegate to the Assistant Treasurer the following duties:
- The Assistant Treasurer shall maintain the books and records of the System and report the financial status of the System to the Treasurer. The Assistant Treasurer shall prepare, within ninety (90) days after each quarter, an internal financial report for the preceding quarter for distribution to the Member Districts and other financial institutions as required, and perform such other duties as directed by the Board of Directors. The duties of the Assistant Treasurer may be delegated and performed under the purview of the Program Administrator's contract with the System.
- H. **Duties of the Program Administrator.** The Program Administrator shall be the Chief Administrative Officer of the System and shall perform those duties and have those obligations provided by a separate contract between the Administrator and the System, or as otherwise provided by the Board of Directors.
- I. **Duties of the Secretary.** The Secretary will be responsible for preparing all notices, minutes, and agendas of System meetings, preparing necessary correspondence, and maintaining files and records and perform such other duties as directed by the Board of Directors. The Secretary's duties may be delegated and performed under the purview of the Program Administrator's contract with the System.
- J. **Other.** The Board of Directors or Program Administrator shall appoint staff or contract with

outside firms as may be necessary for the administration of the System.

ARTICLE 6 COMMITTEES

- A. **Executive Committee.** The Board of Directors may create an Executive Committee comprised of members of the Board of Directors and delegate any powers to the Executive Committee except those powers reserved to the Board of Directors in the Agreement.
- B. **Other Committees.** Other committees or advisory councils may be created by the Board of Directors as it deems appropriate to conduct the business of the System. Members of the committees or advisory councils shall be appointed by the Board of Directors. The members of the committees or advisory councils shall select one of their members as chairperson. The advisory councils or committees may be in various areas and functions of the System.

ARTICLE 7 RESPONSIBILITIES OF SYSTEM

The System shall satisfy the obligations specified in Article 18 of the Agreement.

ARTICLE 8 RESPONSIBILITIES OF MEMBER DISTRICTS

Member Districts shall satisfy the obligations specified in Article 19 of the Agreement.

ARTICLE 9 NEW MEMBERS

- A. **Application.** The System shall provide prospective member application forms and establish procedures for their completion and submission. The application form shall include, but not be limited to, a request for the following information:
 - 1. Underwriting data for the current year; or recently completed insurance application;
 - 2. Payroll for the prior seven (7) years; and
 - 3. Incurred losses for the prior ten (10) years.
- B. **Admission of New Members.** After the effective date any Joint Protection Program is established by the System, according to the provisions of Article 3 in the Agreement, the System shall allow entry into the program of new members approved by the Board of Directors, their designee, or the Administrator.

ARTICLE 10 DEVELOPMENT AND FUNDING OF THE JOINT PROTECTION PROGRAM

- A. **Program Coverage.** The System may provide coverage for workers' compensation and employers' liability authorized by the Board of Directors. The Board of Directors shall determine a minimum premium amount and number of district participants required for program implementation. Coverage may be extended by the Board of Directors to include various types of property and/or public liability risks and/or employee benefits programs and/or such other areas of coverage as the Board of Directors shall determine.
- B. **Program and System Funding.** The Member Districts developing or participating in the program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting the System shall be funded by the Member Districts developing or participating in the program.
- C. **Annual Premium.** Except as provided in Section D below, costs of the program shall be funded by annual premiums charged to the Member Districts participating in the program each program year and by interest earnings on funds accumulated. Such premiums shall be determined by the Board of Directors upon the basis of a cost allocation plan and experience rating formula developed by the System with the assistance of a casualty actuary, risk management consultant, or other qualified person. The premium for each Member District shall include that Member District's share of expected program losses, excess insurance or reinsurance costs, administrative costs and program development costs, if applicable. Premiums shall be billed by the System at the beginning of each quarter and shall be payable within thirty (30) days of the billing date(s). At the end of each policy year, Member District payroll shall be audited by the System. Any deficiency in the premium shall be paid by the Member District within thirty (30) days from the date of billing. Any premium refund due the Member District shall be made within thirty (30) days.
- D. **Special Assessments.**
1. If the System experiences an unusually large number of losses in a program during a coverage year such that, notwithstanding excess insurance for large individual losses, the joint insurance funds for the program may be exhausted before the next annual or quarterly premiums are due, the Board of Directors may impose, upon consultation with a casualty actuary, special assessments on all Member Districts.
 2. If it is determined by the Board of Directors, upon consultation with a casualty actuary, that the program funds are insufficient to pay estimated future losses, the Board of Directors may impose an assessment.
 3. Special Assessments imposed pursuant to 1 and/or 2 above shall be in an amount which will assure adequate funds for the program to be actuarially sound.
 4. A Member District which is no longer a member at the time the special assessment is assessed, but was a Member District during the coverage year(s)

for which the special assessment was levied, shall pay such special assessments as it would have otherwise been assessed in accordance with the provisions of 1, 2, and 3 above.

- E. **Dividend.** The Board of Directors may declare and pay dividends. The amount, timing, and method of distribution of dividends, if any, shall be at the sole discretion of the Board of Directors. Dividends may be in the form of refunds, reductions in future premiums, or otherwise as determined by the Board of Directors.
- F. **Mid-Layer Pool.** A Mid-Layer Pool shall be established to reduce the effect of severe claims from impacting the primary pooling portion of the program. The Mid-Layer Pool shall be a separate, mandatory feature of the program. Accountability for the funds of the Mid-Layer Pool shall be maintained separately from the funds for the primary pooling portion of the program. The terms and conditions of the Mid-Layer Pool shall be developed by the Program Administrator and approved by the Board of Directors.

ARTICLE 11 ACCOUNTS AND RECORDS

- A. **Annual Budget.** The Board of Directors shall annually adopt an operating budget before the beginning of each fiscal year. The budget will reflect the estimated annual premiums for the next fiscal year in accordance with Article 10, Section C of these Bylaws.
- B. **Funds and Accounts.** The System shall establish and maintain such funds and accounts as may be required by good accounting practices and by the Board of Directors. Books and records of the System shall be in the hands of the Treasurer and shall be open to any inspection at all reasonable times by representatives of Member Districts.
- C. **Financial Report.** The System, after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to each Member District.
- D. **Annual Audit.** The Board of Directors shall provide for a certified, annual audit of the accounts and records of the System which audit shall conform to generally accepted auditing standards. Such an audit of the accounts and records made by a Certified Public Accountant shall be open to any inspection at all reasonable times by representatives of the Member Districts. Copies of the audit shall be filed as public records with each Member District and with the appropriate County Auditor. Any costs of the audit, including contracts with, or employment of, Certified Public Accountants in making an audit pursuant to this Article, shall be borne by the System and shall be considered included within the term "administrative costs."

ARTICLE 12 DISBURSEMENT OF FUNDS

The Treasurer may receive and invest funds as necessary for the operation of the System, but must have approval from the President prior to the disbursement of any funds not included in the annual operating budget.

All checks disbursing funds of the System shall be signed by any two (2) of the following: The President, Vice President, Treasurer, or anyone else designated by the Board of Directors or Executive Committee.

A register of all checks issued subsequent to a Board of Directors meeting shall be provided at each subsequent meeting and approved by the Board of Directors.

ARTICLE 13 RESPONSIBILITY FOR FUNDS AND PROPERTY

The Treasurer shall have the custody of and be responsible for the safekeeping and disbursement of all System money held by him or her. The Treasurer may delegate any administrative duties to such other person or persons as are authorized by the Board of Directors.

Pursuant to Government Code Section 6505.1, the Program Administrator, the Treasurer, and such other persons as the Board of Directors may designate shall have charge of, handle, and have access to the property of the System.

The System shall self-insure or secure and pay for a fidelity bond or bonds, in an amount or amounts and in the form specified by the Board of Directors, covering all officers of the System, and all officers and staff who are authorized to have charge of, handle, and have access to property of the System.

ARTICLE 14 ADMINISTRATION OF CLAIMS

- A. As provided in the Coverage Agreement, the System has sole responsibility for the investigation, settlement or defense, and appeal of any claim made, suit brought, or proceeding instituted against a Member District arising out of a loss if coverage applies.
- B. The System will develop standards for the administration of claims for the coverage programs of the System so as to permit oversight of the administration of claims by the Member Districts and the System.
- C. Each Member District shall give the System timely written notice of all claims in accordance with the provisions of the respective Coverage Agreement.
- D. A Member District shall not enter into any settlement involving any liability exposure without permission of the System.
- E. The Board of Directors shall have full settlement authority for the full limits of coverage for

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any claim. However, the Board of Directors may delegate such authority to a committee or the claims adjusting firm retained by the System.

ARTICLE 15 AMENDMENTS

These Bylaws may be amended by a two thirds (2/3) vote of the members of the Board of Directors provided that any amendment is compatible with the purposes of System, and is not in conflict with the Agreement. Any such amendments shall be effective immediately unless otherwise designated.

ARTICLE 16 INDEMNIFICATION AND CONTRIBUTION

Rights of Indemnification and contribution shall be as set forth in Articles 20 and 21 of the Agreement.

CERTIFICATE OF THE SECRETARY OF THE FIRE AGENCIES SELF INSURANCE SYSTEM

I hereby certify that I am the duly elected and acting Secretary of the System and that the foregoing Bylaws constitute the Bylaws of the Fire Agencies Self Insurance System as duly adopted.

Dated: June 22, 2017.



Tracy Thornton, Secretary

Appendix A

2017	4 positions open for election
2018	4 positions open for election
2019	3 positions open for election
2020	4 positions open for election
2021	4 positions open for election
2022	3 positions open for election
2023	4 positions open for election
2024	4 positions open for election
2025	3 positions open for election
2026	4 positions open for election
2027	4 positions open for election