

**BYLAWS
NORTH COAST SCHOOLS MEDICAL INSURANCE GROUP**

Adopted May 8, 1996
Effective September 1, 1996
Revised November 18, 2020
Amended November 17, 2021
Amended September 20, 2023

SECTION 1 – DEFINITIONS

Section 1.01. Lives. “Lives” means the number of contributions paid. For the purposes of voting on the Board of Directors, “lives” means lives in the medical program.

Section 1.02. Annual Count. Annually, by November 1, a count of the number of lives insured on October 1 shall be made and certified by the NCSMIG’s accountant. That count shall be the basis for setting membership and votes on the Board of Directors.

Section 1.03. Employee Unit. “Employee Unit” means the employees from a district in one of the following categories: Certificated – Classified – Management/Confidential/Other

Section 1.04. Participation. “Participation” means enrolled and paying contributions in a program.

Section 1.05. New Member. “New Member” means a member that is new to participation in a NCSMIG program. A district will be considered new if their total enrollment is comprised of less than 75% of employees currently enrolled in a NCSMIG plan.

SECTION 2 – AMENDMENT

Amendment to these Bylaws may be proposed by any member of NCSMIG. The proposed amendment, with the member’s recommendations and reasons therefore, shall be forwarded to the Board of Directors, which shall notify each member of the proposed amendment.

All amendments to these Bylaws must be approved by a two-thirds (2/3) vote of the members of the Board of Directors, or alternates in the absence of the member, before the amendment shall become effective. Such amendments shall be binding upon all members of NCSMIG. The effective date of any amendment will be the date of adoption, unless otherwise stated.

SECTION 3 – OFFICERS & EMPLOYEES

Section 3.01. Board of Directors. The Board of Directors shall be formed in the following manner. Each participating district shall be assigned a seat on the Board of Directors if the district has 100 or greater insured “lives” in the medical program. Those directors shall be appointed by the governing Board of Trustees of the qualifying district and shall serve at the pleasure of the respective Board. In addition, each governing Board or County Superintendent shall appoint an alternate to the director.

For purposes of voting, each director shall be assigned one vote plus any additional votes as follow:

200 – 299 lives 1 vote
300 – 399 lives 2 votes
400 – 499 lives 3 votes
500 – 599 lives 4 votes

600 – 699 lives 5 votes

700 and above 6 votes

Districts with less than 100 lives shall be grouped geographically into five areas and be represented by geographical area on the same basis as those districts with more than 100 lives. The geographical areas of representation for those districts with less than 100 lives shall be:

Area 1 - The area bounded by the Northern Humboldt Union High School District and Klamath Trinity Joint Unified School District.

Area 2 - The area bounded by the Eureka City School District.

Area 3 - The area bounded by the Fortuna High School District, the Ferndale Unified School District and the Southern Humboldt Unified School District.

Area 4 - At Large – All Siskiyou County schools.

Area 5 – At Large – All Lake County schools.

Directors representing geographical areas shall be appointed by the Board of Directors. The Board shall also appoint an alternate for each of these directors. These directors and alternates must be from a district whom they would be representing. Terms for these positions shall be determined by the Board of Directors. The Board of Directors may solicit letters of application.

If, during the term, a director or alternate ceases to be affiliated with the qualifying district, that position shall be declared vacant.

Additionally, two advisory seats shall be allocated for representatives nominated by the classified and certificated employees (one (1) each).

SECTION 4 – BOARD OF DIRECTORS

Section 4.01. Compensation. The Board of Directors shall serve without compensation. This shall not affect, in any way, remuneration received by a local public official who, in addition to his/her responsibilities as a local public official, serves as a representative of the NCSMIG Board. The Board and designated agents may be reimbursed for reasonable and necessary expenses incurred in the performance of their duties as such Board members or agents.

Section 4.02. Meetings.

- A. 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 each calendar quarter. The date, time, and place for each such regular meeting shall be fixed by resolution of the Board of Directors, which resolution shall be publicly posted on a public bulletin board to be designated by the Board of Directors and filed with each member of the NCSMIG. All meetings of the Board of Directors shall be called, held, and conducted in accordance with terms and provisions of the Ralph M. Brown Act (Sections 54950, *et seq.* of the California Government Code) and in accordance with the 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 public meetings. The Board of Directors shall cause minutes to be kept of its public meetings, and shall

promptly transmit to the members of the NCSMIG true and correct copies of the minutes of such meetings.

- B. The Board of Directors, by resolution, 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 of process on behalf of the Board of Directors.

Section 4.03. 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.

Section 4.04. Contribution Rates. The Board of Directors shall determine contribution rates as specified in these Bylaws. The Board of Directors shall also provide for additional assessments or refunds during the year, if necessary or appropriate as determined by the Board, to allow for increased or decreased costs and expenses as may occur. 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 generally accepted accounting principles. The Board of Directors shall determine the manner in which benefits claims shall be processed. Such processing shall conform to all provisions of law.

Section 4.05. Operation of NCSMIG. The Board of Directors shall be responsible for the ongoing operation of the NCSMIG and is hereby empowered to implement and enforce such rules, regulations, and procedures as the Board of Directors may adopt.

Section 4.06. Quorum & Majority Vote. The presence of two-thirds (2/3) of the members of the Board of Directors, or alternates in the absence of the member, shall constitute a quorum, except that less than a quorum may adjourn from time to time. A vote of a majority of the votes present of the Board of Directors shall be necessary to constitute action and to transact business, except as specified in the Joint Powers Agreement and these Bylaws.

Section 4.07. Rules.

- A. The Board of Directors may establish rules governing its own conduct and procedure, and shall 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.
- B. All votes cast shall be tabulated by the number of votes assigned to each director.
- C. A director may not split his/her vote.
- D. A director must be present to vote; proxy votes are not allowed. Only members of the Board of Directors or alternates in the absence of the director may cast votes.

Section 4.08. Officers.

- A. The officers of the Board of Directors shall be President, Vice President, and a Secretary/Treasurer, and shall each serve such term of office as may be established by the Board of Directors. Any officer of the Board of Directors may be removed by the affirmative vote of a majority of the votes of the Board of Directors at any time, with or without cause, and all office vacancies, however arising, may be filled at any time for the unexpired term by the affirmative vote of a majority of the votes of the Board of Directors.

- B. The President shall be the chief executive officer, shall have general supervision and direction of the business of the NCSMIG, shall see that all orders and resolutions of the Board of Directors are carried into effect, and may be a member of all committees appointed by the Board of Directors. The president shall have such other powers, and perform such other duties, as may be prescribed from time to time by the Board of Directors.
- C. The Vice President shall have such powers and perform such duties as may be prescribed from time to time by the Board of Directors or the President. In the absence or disability of the President, the Vice President shall be vested with all the powers and authorized to perform all duties of the President.
- D. The Secretary/Treasurer shall attend all meetings of the Board of Directors and record all votes and the minutes of all proceedings in a book to be kept for that purpose. The Secretary/Treasurer shall give, or cause to be given, notice of all meetings of the Board of Directors, when notice is required by these Bylaws.

The Secretary/Treasurer 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 NCSMIG. Books and records of the NCSMIG, in the hand of the Secretary/Treasurer, shall be open to inspection at all reasonable times by members of the NCSMIG or other persons authorized by any parties hereto. The Board of Directors, as soon as practical after the close of each fiscal year, shall upon request, give a complete written report of all financial activities for such fiscal year to each member of the NCSMIG.

The NCSMIG shall either make, or contract with a Certified Public Accountant or Public Accountant to make, an annual audit of the accounts and records of the NCSMIG. In each case, the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California, and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a Certified Public Accountant, or Public Accountant, a report thereof shall be filed as a public record with each of the members of the NCSMIG and the Board of Directors. Such report shall be filed within six months after the end of the fiscal year under determination.

Any cost of the audit, including contracts with, or employment of, Certified Public Accountants, or Public Accountants, in making an audit pursuant to this section, shall be borne by the NCSMIG and shall be a charge against any unencumbered funds of the NCSMIG available for this purpose.

The Secretary/Treasurer shall assume the duties described in California Government Code Section 6505.5 to wit:

- 1) Receive and receipt for all moneys of the NCSMIG;
- 2) Be responsible upon his/her bond for the safekeeping and disbursement of all NCSMIG money so held by him/her;
- 3) Pay when due, out of the money of the NCSMIG so held by him/her, all sums payable by the NCSMIG;

- 4) Verify and report upon, in writing, on a quarterly basis, to the Board of Directors and to the members of the NCSMIG, the amount of money he/she held for the NCSMIG, the amount of receipts since the last report, and the amount paid out since the last report.

The Secretary/Treasurer shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors or the President.

Section 4.09. Administration.

- A. The Board of Directors shall administer the North Coast Schools Medical Insurance Group (NCSMIG).
- B. The Board of Directors shall have the authority to carry out all functions of the NCSMIG.
- C. The Board of Directors shall have the power and authority to receive, accept, and utilize the services of personnel offered by the parties to this Agreement, or their agents or representatives, and to receive, accept or expend or disburse funds by contract or otherwise, for purposes consistent with the provisions of this Agreement, or their agent or representatives.
- D. The Board of Directors shall provide, or cause to be provided, each member with an annual report of the financial condition of the NCSMIG upon request.
- E. The Board of Directors shall annually, before July 1, adopt a budget showing each of the purposes for which the NCSMIG will need money, and the estimated amount of money that will be needed, for each such purpose for the ensuing fiscal year. In addition, the budget shall show anticipated revenue and its sources. A copy of the budget shall be transmitted to each of the members upon request.

SECTION 5 – BONDING

Section 5.01. Bonding Persons Having Access to Property. From time to time, the parties hereto shall designate the public officers or persons having charge of handling or having access to any property of the NCSMIG, and shall further designate the respective amounts of the official bonds, or equivalent coverage, of the officers and such other person pursuant to Section 6505.1 of the California Government Code.

SECTION 6 – AFFIRMATIVE ACTION

Section 6.01. Affirmative Action Policy Statement. It is the permanent and voluntary policy of the Board to practice fair and impartial employment, recognizing applicants and employees on the basis of personal and professional merit thereby reaffirming the dignity of individuals without regard to race, color, creed, national origin, ancestry, age, sex, or physical handicap in every aspect of personnel policies, practices, and treatment of personnel.

SECTION 7 – FINANCE

Section 7.01. Fiscal Year. The NCSMIG shall operate on a fiscal year from July 1 to

June 30.

Section 7.02. Method of Contribution. Each participating district shall pay to the NCSMIG the annual contribution calculated by the Board of Directors pursuant to Section 4.04 of these Bylaws. Monthly payment based on invoicing from NCSMIG shall be made as follows:

- A. For the first year of membership in a program, a minimum of two months estimated contribution shall be made on or before the first day of the fiscal year or the first day of membership in the program. For the remainder of the first year, subsequent payments shall be made monthly. The second month's estimated contribution shall be applied to the twelfth month's payment.
- B. For subsequent years, payments shall be made monthly.
- C. Payments shall be due on the first of the month and delinquent after thirty (30) days.
- D. Failure to make contribution payments within thirty days shall result in the termination of the employees' benefits retroactively to the end of the last month paid in full.
- E. Delinquent payments shall be assessed a five percent (5%) late fee.
- F. Following receipt of delinquent payments and late fees, the employees' benefits shall be reinstated retroactively.
- G. If a participating district has repeated instances of delinquent payments, the Board of Directors may:
 - Require that the district's monthly payments be made in advance,
 - Require that the district make its entire annual contribution in advance without monthly payments, or
 - Take other action to protect the financial integrity of the NCSMIG, including recommending that the participating district be involuntarily terminated from membership as outlined in Section 9.04 of the Joint Powers Agreement.

Section 7.03. Medical Claims. The Board of Directors shall have the power, authority, and duty to handle all aspects of medical claims against members of the NCSMIG arising out of circumstances occurring during membership. All expenditures of funds shall be authorized by the Board of Directors.

SECTION 8 – RISK MANAGEMENT

The Board of Directors of the NCSMIG shall develop suggested guidelines or risk management practices. Each of the members hereby agrees to consider the implementation in its agency of the guidelines or risk management practices developed by the Board of Directors.

SECTION 9 - INVESTMENT OF FUNDS

Section 9.01. Investment Code Section. The Board of Directors shall have the power to invest or cause to be invested, in compliance with Sections 6505.5 and 6509.5 of the California Government Code, such funds as are not necessary for the immediate operation of the NCSMIG in such securities as allowed by Section 53601 of the California Government Code.

Section 9.02. Level of Resources. The level of cash to be retained for the actual operation of the NCSMIG shall be as determined by the Board of Directors.

SECTION 10 – MEMBERSHIP IN NCSMIG

Section 10.01. Membership Process. For a district to join NCSMIG, a letter of application must be submitted to the Board. The Board shall evaluate the application within a reasonable time for a) compatibility b) claims history; c) risk factors and may utilize resources necessary to evaluate such application(s). A requesting district may be granted membership in NCSMIG after a three-fourths (3/4) vote of the members of the Board of Directors.

Section 10.02. Participation in Programs. Member districts of NCSMIG may participate in the various programs offered subject to the following rules:

1. All districts will initially be presumed to be participating by employee unit upon the adoption of these bylaws.
2. Participation by employee unit in the medical program is prerequisite to participation in any other program.
3. All employees of the district or employee unit employed full time must be enrolled in the program(s).
4. No employee employed less than .5 FTE may participate in the program(s).
5. New members must commit to participate in a program for a minimum of thirty-six months. Withdrawal before completion of the thirty-six months may subject the member district or employee unit to a penalty as per section 11.

Section 10.03. Involuntary Termination. Should a participating district refuse to abide by JPA governing documents, then the participating district may be involuntarily terminated. A two-thirds (2/3) vote of the present members of the Board of Directors is required to approve involuntary termination of a participating district. Such involuntary termination shall be effective at the end of that fiscal year, unless the Board of Directors specifies otherwise. The participating district will be notified of the action of the NCSMIG in writing no later than 90 days prior to the effective date of termination. No refund or repayment shall be given upon involuntary termination.

SECTION 11 – WITHDRAWAL

To withdraw from a program, a participating district, or a participating district on behalf of an employee unit, must notify the Board of Directors in writing of its intention by January 1 of the year preceding the planned withdrawal. By March 1 of the year preceding the planned withdrawal, the participating district must notify NCSMIG that the planned withdrawal will be implemented. Withdrawal notifications must be signed by the district superintendent and submitted by the district superintendent or an authorized designee.

Upon withdrawal, the participating district, or participating district on behalf of an employee unit, will be responsible for the payment of all incurred but not reported (IBNR) claims liability, as calculated by NCSMIG's actuary, for each program. The calculation will be based on the current year-end closing IBNR calculation effective on June 30th, divided by the total number of enrolled plan members, times the number of enrolled members from the participating district or participating district on behalf of an employee unit. In addition, if participation in a program has been for less than thirty-six consecutive

months from the last date of coverage, a penalty of 10% for each program, for each month of participation in which premiums were paid, will be assessed.

The IBNR and penalty payments will be billed in two installments. The first installment will be due on the first January 1st following the withdrawal effective date. The second installment will be due on the second January 1st following the withdrawal effective date.

Upon withdrawal from NCSMIG, all claims billed on behalf of the district and/or its employee unit will be covered up to the full amount of the IBNR calculation. Any claims expenses exceeding the IBNR calculation will be billed to the District after the first full 12-month period following the effective date of withdrawal.

Delinquent payments shall be assessed a five percent (5%) late fee. In addition, the Board of Directors may assess a participating district an additional amount to cover all costs NCSMIG incurs because of the district's failure to submit the IBNR on a timely basis, including, but not limited to, NCSMIG's attorneys fees and costs resulting from seeking to obtain such delinquent payments.

The withdrawal from participation will take effect on June 30 at 12:00 midnight. Withdrawing districts, or a withdrawing district on behalf of an employee unit, will be ineligible to enroll in NCSMIG programs for 24 months following the effective date of withdrawal.

SECTION 12 – EFFECTIVE DATE

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

Further amendments to the bylaws shall become effective immediately upon approval by the Board of Directors.