

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES**

**(CARMA)**

**BYLAWS**

**Effective – July 12, 2019**

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(CARMA)**

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**BYLAWS**  
**ARTICLE I**  
**DEFINITIONS**

The term in these Bylaws shall be as defined herein and in the *Agreement* creating the California Affiliated Risk Management Authorities, unless otherwise specified herein.

- A. "Agreement" shall mean the Joint Powers Agreement Creating the California Affiliated Risk Management Authorities.
- B. "Alternate" shall mean the person designated by the *Member* to act as a director of *CARMA* in the absence of the *Representative*. The *Alternate* should have the same responsibility, power and authority as the *Representative*.
- C. "CARMA" shall mean the California Affiliated Risk Management Authorities, an agency created by the *Agreement*.
- D. "Board" or "Board of Directors" shall mean the governing body of *CARMA* composed of one *Representative* of each *Member*.
- E. "Coverage Programs" shall mean coverages provided by *CARMA* pursuant to a *Memorandum of Coverage* and/or provided by a purchased *Coverage Program*. These may include but are not limited to property, workers' compensation, and liability coverages as may be determined by the *Board*.

- F. "Deposit Contribution" shall mean the annual dollar amount determined by the *Board of Directors* which is payable by each *Member* as its established share of the funding required to cover the financial obligations of a *Coverage Program* in which the *Member* participates.
- G. "Member" shall mean any organization that is a party to the *Agreement*.
- H. "Memorandum of Coverage" shall mean a document issued by *CARMA* to *Members* specifying the type, amount and conditions of coverage provided to each participant by *CARMA*.
- I. "Program Year" shall mean a period of time determined by the *Board*, usually 12 months, into which each *Coverage Program* shall be segregated for purposes of accounting and record-keeping.
- J. "Representative" shall mean the person designated by the *Member* to act as a director of *CARMA*. The *Representative* shall have the authority to bind the *Member* on any and all matters relating to the business of *CARMA*.

## **ARTICLE II**

### **OFFICES**

The principal office for the transaction of business of *CARMA* and receipt of all notices is hereby fixed and located as described in Appendix A attached hereto and incorporated herein by reference. The *Board* shall have the authority to change the location of the principal office. Other business offices may at any time be established by the *Board* at any place or places where *CARMA* is authorized to do business.

**ARTICLE III**  
**DIRECTORS & OFFICERS**

Each *Member* of *CARMA* shall appoint a *Representative* to the *Board of Directors*. The appointment shall be in writing, directed to *CARMA* at its designated principal office and shall remain in effect until the receipt of a notice designating a replacement. Each *Member* shall also designate an *Alternate*, in the manner described above, to act in the absence of its duly appointed *Representative*.

**ARTICLE IV**  
**ELECTION, APPOINTMENT AND DUTIES OF OFFICERS**

**A. ELECTION OF OFFICERS**

The President and Vice-President shall be elected, as individuals, from among the *Board of Directors* and serve for a term of one year.

Voting for officers shall be conducted at the *Board* meeting immediately preceding July 1. Each Director shall cast no more than one vote for each office. The candidate receiving a plurality of votes for the particular office shall be elected and shall assume the office upon his/her election. In the event of a tie vote, with no candidate receiving a plurality, those not involved in the tie vote shall be eliminated and the remaining candidates shall draw lots.

The President and Vice-President shall serve for their elected term of office until termination of employment or office with a *Member*; or until removal from office by the affirmative vote of two-thirds of the *Members* of the entire *Board of Directors*. Vacancies in the offices of President or Vice-President shall be filled by a majority vote of the remaining Directors until the next scheduled election.

## **B. APPOINTMENT OF OFFICERS**

The President shall appoint a Secretary, Treasurer, and such other officers as deemed appropriate subject to approval of the *Board*.

## **C. DUTIES OF OFFICERS**

1. President - The President shall preside at all meetings of *CARMA*. The President shall appoint the members of committees as necessary or appropriate for carrying on the activities of *CARMA*. Committees appointed by the President may hold office beyond the President's term subject to the approval of the new President. The President shall execute documents on behalf of *CARMA* as authorized by the *Board of Directors* and shall serve as the primary liaison between this and any other organization.
2. Vice-President - In the absence of or temporary incapacity of the President, the Vice-President shall exercise the functions covered in "1" above. The Vice-President shall also serve as the auditor/controller of *CARMA*.
3. Secretary - The Secretary shall be present at all meetings of *CARMA* to cause minutes to be kept, to maintain or cause to be maintained all accounting and other financial records of *CARMA*, to file all financial reports of *CARMA*, and to perform such other duties as the *Board* may specify.
4. Treasurer - The duties of the Treasurer shall be those specified in Sections 6505.5 or 6505.6 of the California Government Code, to receive and keep safe all money coming into the treasury, to comply with all laws governing the deposit and investment of funds, and to submit a monthly report (Treasurer's Report) to the *Board* summarizing receipts, disbursements, and fund balances, along with a listing of all investments and other duties as specified by the *Board*.

**ARTICLE V**  
**BOARD OF DIRECTORS MEETINGS**

There shall be at least one regular meeting of the *Board of Directors* each year that shall be designated as the annual membership meeting. The President may request special meetings of the *Board* as needs dictate. Special meetings may also be called by at least one-third of the *Board* Members. Notice of such special meetings shall be delivered personally, by electronic facsimile transmission, email or mail, as provided by state law to each *Board* member at least twenty-four (24) hours before the time of such meeting.

A regular or special meeting of the *Board* may be cancelled or postponed by the President by notice delivered personally, by electronic facsimile transmission, email or mail, as provided by state law to each *Board* member at least twenty-four (24) hours before the time of such meeting. The annual membership meeting may be postponed but not cancelled.

No business may be transacted by the *Board* or other appointed committees without a quorum of its respective *Members* being present. A quorum of the *Board* shall consist of one-half of its *Members*. Should the Board be comprised of an odd number of *Members*, a quorum shall consist of a majority of its *Members*. Unless otherwise required, a majority of the *Members* present must vote in favor of a motion to approve it. The *Board* shall conduct its business in accordance with Roberts Rules of Order.

An agenda of each *Board* meeting shall be published and posted at the principal office of *CARMA* in accordance with applicable state law.

Official minutes of the *Board* meetings shall be kept by *CARMA* in a minute book at its principal office and shall be distributed to the *Members* as soon after the meetings as practicable.



**ARTICLE VI**  
**DUTIES OF DIRECTORS**

The *Board of Directors* shall be responsible for governing *CARMA* either directly or by delegation to other bodies or persons unless prohibited by law or the *Agreement* and shall exercise all those powers not specifically reserved to the *Members* in the *Agreement*. Each director shall be entitled to cast one vote in all matters requiring a vote, except in the case of an actual or potential conflict of interest.

**ARTICLE VII**  
**EXECUTIVE DIRECTOR**

There shall be a *CARMA* Executive Director appointed by the *Board*. The Executive Director shall be responsible for the day-to-day administration, management, and operation of *CARMA*'s programs of risk management and he/she will be subject to the direction and control of the *Board*. The Executive Director may, but need not be, a consultant or an employee of a corporation or *CARMA*.

The Executive Director, either personally or through delegation, shall:

1. Monitor the status of *CARMA*'s programs and operations, losses, administrative and operational costs, service companies' and brokers' performance and report to the *Board*;
2. Prepare a budget in accordance with Article X;
3. Prepare a report annually that compares each fiscal year's budgeted to actual expenditures;
4. Engage the services of an independent financial auditor selected by the *Board* and present the findings to the *Board*;

5. Invoice *Members* for *deposit contributions* and other amounts due;
6. Report to the *Board* any invoices not paid and outstanding for more than thirty (30) days;
7. Prepare vouchers, invoices, or other demands for payment for approval of the President and, upon approval, submit the demands to the Treasurer for payment;
8. Maintain detailed financial records of all income, expenses, cash deposits, and withdrawals;
9. Maintain financial records according to generally accepted accounting principles including the Governmental Accounting Standards Board guidelines;
10. Present timely quarterly and annual financial statements to the *Board*;
11. Assist the *Board* in selecting brokers, insurance companies, and claims administrators;
12. Select and supervise *CARMA* employees and agents as authorized by the *Board*;
13. Design and implement new *CARMA Coverage Programs* as directed by the *Board*;
14. Conduct the business of *CARMA* in a manner consistent with the standards set forth by the California Association of Joint Powers Authorities (CAJPA) for their accreditation program; and
15. Perform whatever functions necessary and within the Executive Director's authority to manage the daily activities of *CARMA* and its *Coverage Programs*.

CARMA shall compensate the Executive Director or his/her employer for services to CARMA in such amount and manner as may be fixed from time-to-time by the *Board*. Details respecting compensation, termination, and other employment related matters pertaining to the Executive Director shall be governed by the Bylaws and such terms and conditions as the *Board* shall set forth in a contract or agreement.

**ARTICLE VIII**  
**COVERAGE PROGRAMS**

CARMA shall establish *Coverage Programs* in such areas as the *Board* may select. The *Board* shall establish the levels of coverage to be offered in each program, determine the financial contributions to be required of participants at each level, and establish procedures for the administration of the programs.

**ARTICLE IX**  
**ADOPTION OF NEW COVERAGE PROGRAMS**

The *Board of Directors* may develop the details of any new *Coverage Program* that will serve to benefit the *Members* in any manner. In the event of such development, the estimated *deposit contribution* shall be developed by the Executive Director and presented to each *Member* by the Executive Director. Each *Member* shall have ninety days from the date of such notice to state in writing their intent to join or refrain from joining the new *Coverage Program*. Upon conclusion of the notice period, *deposit contributions* shall be determined and billed to the participating *Member*. Each *Member* that elects to participate shall be bound to the new *Coverage Program* for the period of time so required, unless the actual contribution exceeds the estimate. Nonetheless, a *Member* may elect to continue participation in the *Coverage Program* at the higher *deposit contribution* rate by informing CARMA in writing.

**ARTICLE X**  
**BUDGET**

On or before June 30 of each year, the *Board* shall adopt the budget for the next fiscal year.

**ARTICLE XI**  
**RECEIPT AND DISBURSEMENT OF FUNDS**

Revenues of *CARMA* shall be received at its principal office. The Treasurer shall safeguard and invest funds in accordance with *CARMA's* current investment policy.

The President, Vice-President, Treasurer, and Executive Director shall be authorized signatories of *CARMA's* checking account. All checks disbursing funds of *CARMA* shall be signed by the appropriate number of officers as established by action of the *Board*.

A register of all checks issued since the previous *Board* meeting shall be provided at each subsequent *Board* meeting for approval.

The Executive Director shall be authorized to make all expenditures for goods or services without specific approval, to the extent such funds have been included and approved by adoption of the budget or as previously approved by the *Board*.

**ARTICLE XII**  
**BILLINGS**

**A. ANNUAL BILLINGS**

Each year, not later than July 1, *CARMA* shall bill each *Member* for all *deposit contributions* for the next *program year*. The annual billing shall be due and payable on July 31, and shall be delinquent if not paid on or before first working day in August.

**B. ADDITIONAL BILLINGS**

There may be additional billings in accordance with *CARMA*'s governing documents.

**C. PENALTIES FOR DELINQUENT PAYMENTS**

*Members* with delinquent amounts due shall be assessed a penalty of two (2) percent of the delinquent billing.

**D. INTEREST ON DELINQUENT AMOUNTS PAYABLE**

Interest shall accrue on all delinquent amounts due and payable to *CARMA* at a rate of ten (10) percent per annum. In the computation of interest, any portion of a month shall be counted as a whole month.

**E. FAILURE TO PAY BILLINGS, PENALTIES, OR INTEREST**

Failure to pay billings, penalties, or the accrued interest may result in expulsion of the *Member* from *CARMA* in accordance with the *CARMA* Agreement.

**F. DUTIES OF WITHDRAWN OR EXPELLED MEMBERS**

Withdrawal or expulsion of a *Member* shall be in accordance with the provisions of the *Master Plan Document*. The withdrawal or expulsion of any *Member* shall not terminate its responsibility to contribute its share of contributions or funds to any fund, coverage, or insurance program created by CARMA. All current and past *Members* shall be responsible for their respective share of the expenses, as determined by the Executive Director, until all claims, or other unpaid liabilities, covering the period of the current or past *Member's* participation in the risk pooling program have been finally resolved and a determination of the final amount of payments due by, or credit to, the *Member* for the period of its participation has been made by the *Board*.

Withdrawn or expelled *Members* that have formerly participated in a *Coverage Program* shall be required to pay all applicable billings for the *program years* in which they participated. Delinquent billings shall be treated in the same manner as set forth above as if the withdrawn or expelled *Member* still participated in a *Coverage Program*.

**G. PENALTIES FOR NON-PAYMENT BY FORMER MEMBER**

Failure to pay billings, penalties, or accrued interest thereon shall constitute breach of the Agreement between the former *Member* and CARMA. The former *Member* shall be liable for the billings, penalties, accrued interest, and all costs incurred by CARMA in the enforcement of all provisions set forth in this Document.

## **ARTICLE XIII**

### **AUDITS**

#### **A. FINANCIAL AUDIT**

The *Board* shall cause to be made, by a qualified CPA, an annual audit of the accounts and records of *CARMA*. The minimum requirements of the audit shall be those prescribed by state law.

The audit report shall be filed with the State of California within six (6) months of the end of the fiscal year under examination. *CARMA* shall provide a copy of the audit report as a public record to each *Member*.

*CARMA* shall bear all costs of the audit. Such costs shall be charged against the operating funds of *CARMA*.

## **ARTICLE XIV**

### **NEW MEMBERS**

Any public agency acceptable to the *Board of Directors* shall be eligible for membership in *CARMA*. A prospective member shall submit the information required for application to *CARMA*.

Upon review of a prospective *Member's* application, the Executive Director shall prepare a report that will be presented to the *Board of Directors* and the prospective *Member* will be invited to attend a meeting of the *Board of Directors* to respond to questions concerning the application. The affirmative vote of two-thirds of the *Representatives* of the entire *Board of Directors* is necessary for admission to *CARMA*.

**ARTICLE XV**  
**EXECUTION OF CONTRACTS**

The *Board* may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of *CARMA*, and such authorization may be general or confined to specific instances. Unless so authorized by the *Board of Directors*, no officer, agent or employee shall have any authority to bind *CARMA* by any contract or to pledge its credit or to render it liable for any purpose.

**ARTICLE XVI**  
**NOTICES**

Notices to *CARMA* shall be in writing and delivered to the mailing address of *CARMA*.

Notices to *Members* shall be in writing and delivered to the appointed *Representative* or mailed to the address of record.

Reportable claims against *Members* shall be forwarded to the mailing address of *CARMA*.

**ARTICLE XVII**  
**EFFECTIVE DATE**

These Bylaws, as amended, shall be effective August 13, 2019.

The adoption of the Bylaws shall supersede any prior amendments, by resolution or otherwise and to the extent that prior amendments are not included or are contradictory to any provisions contained herein, they are hereby specifically revoked.



**ARTICLE XVIII**  
**AMENDMENTS**

These Bylaws may be amended by a majority vote of the entire *Board of Directors* provided that any amendment is compatible with the purposes of *CARMA*, is not in conflict with the *Agreement*, and has been submitted to the *Board of Directors* at least thirty (30) days in advance.

Any such amendment shall be effective immediately, unless otherwise designated.

**ARTICLE XIX**  
**SEVERABILITY**

Should any portion, term, condition or provision of these Bylaws be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions and provisions shall not be affected thereby.

**ARTICLE XX**  
**SUBORDINATION**

Should any portion, term, condition or provision of these Bylaws be in conflict with the *Agreement*, the terms of the Bylaws shall be subordinate to the *Agreement*.

**ARTICLE XXI**  
**RECORD RETENTION POLICY**

*CARMA's* records shall be retained in accordance with the policy adopted by the *Board*.

**APPENDIX "A"**

The principal address of the California Affiliated Risk Management Authorities (*CARMA*) for the transaction of business and receipt of all notices shall be:

California Affiliated Risk Management Authorities (*CARMA*)

1750 Creekside Oaks Drive, Suite 200

Sacramento, CA 95833

Phone (800) 541-4591 Fax (916) 244-1199