

AMENDED BYLAWS
OF THE
BIG INDEPENDENT CITIES EXCESS POOL JOINT POWERS AUTHORITY

ARTICLE I
DEFINITIONS

The definitions of terms used in these Bylaws shall be the same as those contained in the Joint Powers Agreement ("JPA Agreement") creating the Big Independent Cities Excess Pool Joint Powers Authority, hereinafter called BICEP, unless otherwise expressly provided herein.

1.1 "Board" means members of the Board of Directors of BICEP; provided that Members that do not participate in a given risk sharing layer(s) shall not be entitled to vote on any action with respect to those risk sharing layer(s) and any references in these Bylaws to a majority or specified percentage of the Board shall be deemed to mean a majority of the affected Members of the Board.

1.2 "Charter Member" means the Member cities that formed BICEP in September 1988 which are Huntington Beach, Oxnard, Pomona, San Bernardino and Santa Ana.

1.3 "Coverage" means the liability coverage provided in the Memorandum attached as Exhibit A hereto and incorporated herein by reference, and any other areas of coverage including but not limited to, property, workers compensation, etc., as determined and approved by the Board.

1.4 "Coverage Period" means each year co-extensive with the Fiscal Year for which a Member pays premiums for Coverage, unless and as amended by the Board.

1.5 "Fiscal Year" means from July 1 in each calendar year to June 30 of the next calendar year unless later amended by the Board.

1.6 "Insurance" means commercial primary or excess insurance or reinsurance.

1.7 "Member" means any public agency as the term "public agency" is defined by Section 6500 of the Joint Powers Law, which includes, but is not limited to, any federal, state, county, city, public corporation, public district of this state or another state, or any joint powers authority formed pursuant to the Joint Powers Law by any of these agencies which has executed this Agreement and has become a member of the Authority.

1.8 "Memorandum" means the BICEP Memorandum of Liability Coverage set forth in Exhibit A hereto and incorporated herein by reference.

1.9 "Risk Management Program" means those programs of risk sharing, Insurance, and risk management services created by BICEP to provide Coverage to each Member.

ARTICLE II OPERATIONAL ITEMS AND GOVERNANCE

2.1 Term. The Term of these Amended Bylaws shall commence on the date of approval by the Board as provided in Section 2.3 and shall continue until later amended by the Board or dissolution of BICEP as provided herein.

2.2 Amendment of Bylaws. These Bylaws may be further amended at any time by a two-thirds (2/3rds) vote of all members of the Board. Following adoption of amendments, the General Manager shall prepare and distribute a revision of the Bylaws to all Members.

2.3 Effective Date. These Bylaws shall go into effect immediately upon adoption by the Board as provided herein.

2.4 Election of Officers. The Board shall elect the President and the Vice President from among the members of the Board. For each Fiscal Year, the officers shall be elected in the following manner:

2.4.1 At the last regular meeting of each Fiscal Year, the Board shall elect officers as required by the JPA Agreement and these Bylaws for the upcoming Fiscal Year. All terms of office shall be for one year. The officers shall begin serving terms upon the beginning of the fiscal year immediately following the election.

2.4.2 Each Board member may place himself or another Board member in nomination for each office.

2.4.3 Each Board member shall cast one vote for the candidate of his/her choice for each office.

2.4.4 The Board may remove an officer at any time. A vacancy in any office, due to death, resignation, removal, disqualification, or any other cause, shall be filled by election of the Board.

2.5 Duties of Officers.

2.5.1 Duties of the President.

The President shall preside at and conduct all meetings of the Board and perform all duties as provided in these Bylaws or delegated by the Board. The immediate Past President shall

serve as an ex officio member of the Executive Committee for a term of one (1) year, and as long as he or she remains a member of the Board.

2.5.2 Duties of Vice President.

In the absence of the President, the Vice President shall perform all duties assigned to the President by these Bylaws or by the Board.

2.6 Appointment and Duties of Treasurer.

The Board shall appoint the Treasurer as provided in Section 6505.5 or Section 6505.6 of the California Government Code. The duties of the Treasurer shall be those specified in JPA Agreement, in Section 6505.5 or 6505.6 of the California Government Code, and in accordance with the laws applicable to any out-of-state Member. The Treasurer shall monitor and oversee the deposits and investments of BICEP's funds by the General Manager and perform other duties as specified by the Board.

2.7 Appointment and Duties of Controller.

The Board shall appoint the Controller as provided in Section 6505.5 or Section 6505.6 of the California Government Code. The duties of the Controller shall be those specified in the JPA Agreement, in Section 6505.5 or Section 6505.6 of the California Government Code, and in accordance with the laws applicable to any out-of-state Member.

2.8 Appointment and Duties of General Manager.

By a majority vote of all members, the Board shall appoint a General Manager to conduct the day-to-day operations of BICEP. The General Manager shall perform those duties as delegated and authorized by the Board, including but not limited to, keeping minutes of the Board meetings, and keeping and maintaining all of the records of BICEP.

2.9 Establishment of Committees

2.9.1 Executive Committee. There shall be an Executive Committee of the Board of Directors which shall consist of not less than four (4) members, exclusive of any current immediate Past President serving as an Ex Officio Executive Committee Member. Two of the members of the Executive Committee shall be the President and the Vice President of the Board. The other members of the Executive Committee shall be elected by the Board. The President, or the Vice President in his/her absence, shall serve as the Chairperson of the Executive Committee.

2.9.2 Subject to approval of the Board, the President shall appoint any other committees and determine the committees' structure, charge, size and membership. Committees may be

established to consider any matter within the jurisdiction of BICEP. Committees shall operate according to the policies adopted by the Board and shall submit their reports and recommendations to the Board. The chairperson of a committee shall be a member of the Board or an alternate director.

2.10 Board Meetings

2.10.1 Regular Meetings.

A. Time Held. Unless otherwise changed by a majority vote of the Board, regular meetings shall be held as required to conduct the business of BICEP, not less than three (3) times in each Fiscal Year.

B. Business to be Transacted. At any meeting, the Board may transact any business within its powers, and receive reports of the operations and affairs of BICEP.

C. Notice. Written notice ("Notice") of each regular meeting of the Board shall be delivered to each director and/or alternate director at least fourteen (14) days in advance of the meeting. Delivery of the Notice may be accomplished in electronic form. The Notice shall include a proposed agenda and shall specify:

- (i) The place, date and hour of the meeting.
- (ii) Those matters which are intended to be presented for action by the Board.

D. Inclusion of Items in Regular Meeting Agenda. Within three (3) calendar days of receipt of the Notice which includes the proposed agenda, any director or alternate director may cause an item to be included in the agenda for the upcoming Board meeting by delivering to the President or the General Manager a written request, which may be in electronic form, to include such item in the agenda.

2.10.2 Special Meetings.

A special meeting of the Board may be called at any time by the President or by a majority of the directors subject to the requirements for 24-hour written notice to the directors and/or alternate directors and to requesting representatives of the media. The notice of a special meeting shall specify the time and place of the meeting and the business to be transacted. No other business shall be considered at the meeting. A member of the Board may waive notice as provided in Section 54956 of the Government Code and in accordance with the laws applicable to any out-of-state Member. Notice of the calling of any special meeting

shall be posted as provided in said Section 54956 and in accordance with the laws applicable to any out-of-state Member.

2.10.3 Adjourned Meetings.

The Board may adjourn any regular or special meeting to a time and place specified in the order of 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.

2.11 Alternate Director.

The alternate director appointed by a Member as its alternate representative on the Board may attend and participate in any meeting of the Board and, in the absence of the director, may vote in any meeting of the Board as the representative of the Member.

2.12 Quorum and Voting Requirements.

A majority of the Members shall constitute a quorum for the transaction of business. All actions of the Board shall require the affirmative votes of a majority of the Members present at a meeting duly held at which a quorum is present unless otherwise expressly provided herein. Each Member shall be entitled to cast only one vote.

2.13 Brown Act Compliance.

Notwithstanding anything herein to the contrary, all meetings shall be held in strict compliance with the Ralph M. Brown Act (California Government Code Section 54950 *et seq.*), as it may be amended from time to time, and in accordance with the laws applicable to any out-of-state Member.

2.14 Robert's Rules of Order.

All meetings of the Board, its Committees or other bodies of BICEP shall be conducted in accordance with Robert's Rules of Order, provided that in the event of a conflict, these Bylaws or applicable state law shall supersede and control.

2.15 Authority to Sign Documents.

The Board may authorize any officer, staff member, or agent of BICEP to execute any contract in the name of and on behalf of BICEP, and such authorization may be general or specific in nature. Unless so authorized, no officer, staff member or agent shall have any power to bind BICEP by contract.

2.16 Offices.

BICEP's principal office for the transaction of business is located at 1100 S. Flower Street, Suite 2100, Los Angeles California 90015. The Board may change the location of the principal office from time to time. The Board may establish one or more subordinate offices at any place or places where BICEP is qualified to do business.

ARTICLE III FINANCE

3.1 Budget.

Prior to the last Board meeting in a Fiscal Year, the General Manager shall submit to the Board a proposed general budget for the next Fiscal Year. That budget shall include revenues and expenses with beginning balances. Revenues are to be broken down by operating revenues and interest income. Expenses are to be broken down by operating expenses, professional/contractual services plus pool coverage and claim expense. The budget shall provide information for the three prior Fiscal Years, the budget and projected budget for the current Fiscal Year, and the proposed budget for the upcoming Fiscal Year. The Board shall review and adopt the budget no later than at the last meeting of the Board in each Fiscal Year.

3.2 Delegation.

The General Manager shall manage all expenditures, subject to control of the Board. The General Manager and Treasurer shall have power to transfer funds within the total detailed budget to meet unanticipated needs or changed situations. Such action shall be reported to the Board at their next meeting.

ARTICLE IV NEW MEMBER REQUIREMENTS

4.1 Conditions to providing Coverage to a New Member.

BICEP may provide Coverage to any new Member(s) which is not currently a Member under these Bylaws, subject to the following conditions:

- 4.1.1 The new Member shall be a public agency as defined in Section 6500 of the California Government Code.
- 4.1.2 The public agency shall have a full-time risk management employee, or subject to the unanimous approval of the Board, shall have either: (i) a risk management

professional or (ii) otherwise must be able to demonstrate a sound risk management program.

4.1.3 The public agency shall have an active loss control program.

4.1.4 A new Member's participation in a coverage program of BICEP shall be subject to an actuarial study of loss experience to compare with current Members to see if the new Member's participation would adversely affect the actuarial soundness of a BICEP program.

4.1.5 The recommendation of BICEP's insurance broker.

4.1.6 Submission of reasonably required information including but not limited to, audited financial statements, underwriting data, claims and loss reports.

4.2 Acceptance of New Member.

Acceptance of a new Member shall be approved by a vote of two-thirds (2/3rds) of all current Members of the Board.

4.3 Condition to Acceptance.

Acceptance of a new Member shall be subject to the approval and execution of the Joint Powers Agreement, as it may be amended from time to time, by such Member's governing body and agreement to be bound by these Bylaws.

ARTICLE V COVERAGE ACCEPTANCE

5.1 BICEP hereby agrees to provide the Coverage to each Member, and each Member hereby agrees to accept the Coverage, in accordance with these Bylaws and upon the terms and conditions set forth in the Memorandum and/or Insurance purchased for Members in accordance with each Risk Management Program in which a Member participates.

5.2 The Board shall annually determine each type of Risk Management Program which BICEP may provide for Coverage, or for a portion of Coverage, to the Members. Each such Risk Management Program shall provide for appropriate levels of self-insured retention, risk sharing and the purchase of Insurance from a commercial insurer or reinsurer, as determined and approved by the Board. The Board may determine to suspend the Memorandum and accept the policy of Insurance as the basis for liability coverage by the approval of a "reverse following form."

5.3 Coverage provided to each Member is expressly conditioned on that Member's payment of applicable premiums related to the Risk Management Program in which the Member participates.

ARTICLE VI DISSOLUTION OF BICEP

6.1 BICEP shall continue until dissolution as determined by a two-thirds (2/3rds) vote of the entire Board. The JPA Agreement and these Bylaws shall continue in force and effect for purposes of disposing of all claims, payment of all expenses related to such dissolution, including but not limited to, insurance company payroll audits, claims adjustment costs, financial auditing expenses, accounting costs, investment services expenses, required official dissolution notices to various parties, attorney costs and any other related necessary expenses, and the distribution of remaining assets of BICEP.

6.2 The distribution of remaining assets of BICEP upon dissolution shall be in accordance with the terms and conditions for distribution as provided in the Risk Management Program in which a Member participates.

6.3 The Board is vested with all powers of BICEP for the purpose of concluding and dissolving the business affairs of BICEP.

ARTICLE VII WITHDRAWAL BY MEMBER

7.1 Conditions to Permitting Withdrawal of a Member from Coverage. On and after July 1, 2005, BICEP shall permit a Member to withdraw from Coverage subject to the following conditions:

7.1.1 A Member shall not be in default of any of its obligations to pay any premium as provided herein and pursuant to a Risk Management Program.

7.1.2 Notice to Withdraw.

(a) A Charter Member shall provide written notice to BICEP of its intent to withdraw no less than six (6) months preceding the upcoming renewal date of Coverage. A non-Charter Member may not withdraw for a period of thirty-six (36) months commencing from the date of admission to BICEP ("Initial Term"). After the Initial Term, a non-Charter Member shall provide written notice to BICEP of its intent to withdraw no less than six (6) months preceding the upcoming renewal date of Coverage; except, however, a non-Charter Member may provide such 6-month notice prior to the end of its Initial Term, which withdrawal shall take effect on the next immediate renewal date of Coverage.

(b) Any Member may withdraw from a Risk Management Program which is non-risk sharing by providing written notice no less than ninety (90) days preceding the upcoming renewal date of such non-risk sharing Coverage.

7.1.3 A Member shall have paid all fees and expenses incurred by BICEP as a result of such withdrawal.

7.1.4 A Member's withdrawal shall be effective on the first day of a new Coverage Period.

7.2 The distribution to a Member of assets of BICEP upon withdrawal shall be in accordance with the terms and conditions for such distribution as provided in the Risk Management Program in which a Member participates.

7.3 A Member that is not participating in any Risk Management Program shall be deemed to have withdrawn from BICEP.

ARTICLE VIII EXPULSION OF MEMBER

8.1 Conditions to permitting expulsion of a Member from Coverage. BICEP may expel a Member from Coverage subject to the following conditions:

8.1.1 A Member shall be in default under these Bylaws, the Memorandum, or a Risk Management Program and shall have failed to cure such default in accordance with the provisions of Article X, below;

8.1.2 The Board, by not less than two-thirds (2/3rds) vote of the Members, excluding the Member in default, shall have approved such expulsion and written notice of the final action of expulsion shall have been given to the Member not less than sixty (60) days preceding the effective date of such expulsion;

8.2 In the event that BICEP elects to expel any defaulting Member, subject to the conditions described and in the manner provided in Section 8.1 hereof, the Member nevertheless agrees to pay to BICEP all cost, losses or damages howsoever arising or occurring as a result of such default. In no event shall expulsion waive or release such defaulting Member from its ongoing obligations assumed during its years of participation in BICEP prior to the effective date of expulsion.

8.3 The distribution to a Member of assets of BICEP upon expulsion shall be in accordance with the terms and conditions for such distribution as provided in the Risk Management Program in which a Member participates.

ARTICLE IX INDEMNIFICATION AND DISCLAIMER

9.1 Indemnification Covenants. Each Member hereby agrees to indemnify and save BICEP and all other Members and their respective officers harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of such Member's breach or default in the performance of any of its obligations under these Bylaws, the Memorandum, and a Risk Management Program.

9.2 Disclaimer. BICEP MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE ADEQUACY OF THE COVERAGE FOR THE NEEDS OF ANY OR EACH OF THE MEMBERS.

ARTICLE X DEFAULTS AND REMEDIES

10.1 Defaults. The following shall be an event of default under these Bylaws and the term "Event of Default" shall mean, whenever it is used in these Bylaws with respect to a Member, any one or more of the following events:

10.1.1 Failure by a Member to pay any premium or various adjustments or allocations required to be paid hereunder;

10.1.2 Failure by a Member to observe and perform any covenant, condition or agreement on its part to be observed or performed herein or otherwise with respect hereto;

10.1.3 The filing by the Member of a case of bankruptcy, or the subjection of any right or interest of the Member under these Bylaws to any execution, garnishment or attachment, or adjudication of the Member as a bankrupt, or assignment by the Member for the benefit of creditors, or the entry by the Member into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Member in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted;

10.1.4 Failure to fully comply with the terms and provisions of the Memorandum or a Risk Management Program.

10.2 Notice of Default. BICEP shall give written notice of the Event of Default ("Notice of Default") to the Member in default, specifying the Event of Default complained of by BICEP, in the time periods as provided in Section 10.3 below. Failure or delay in giving such notice shall not constitute a waiver of any Event of Default, nor shall it change the time of default.

10.3 Right to Cure Default. The Member whose acts or omissions to act constitute an Event of Default as defined in Section 10.1 shall be entitled to cure, correct, or remedy such Event of Default, if (i) such defaulting Member commences and thereafter diligently pursues the curing of said Event of Default within thirty (30) days of receipt of a Notice of Default, as defined in Section 10.2; and (ii) such defaulting Party fully completes such cure, correction or remedy within thirty (30) days of receipt of said Notice of Default, or, in the event that the Event of Default is not curable within said thirty (30) day period), within such additional period as is reasonably necessary to cure said Event of Default; provided that such additional period shall not in any event exceed ninety (90) days without the Board's consent. In the event Member reasonably and in good faith contends that it will take more than ninety (90) days to cure the Event of Default, the defaulting Member and Board shall meet and confer in good faith and determine whether additional time is required to cure the Event of Default, and, if so, the Board shall extend the time to cure the Event of Default. Notwithstanding anything to the contrary in this Section, if the Event of Default consists of a Member's failure to timely discharge its monetary obligations to BICEP, then the Member in default shall cure any such default within ten (10) days of receipt of a Notice of Default.

10.4 No Remedy Exclusive. Unless otherwise expressly provided in these Bylaws, the Memorandum, or a Risk Management Program, the rights and remedies of BICEP are cumulative, and the exercise by BICEP of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default.

10.5 Agreement to Pay Attorneys' Fees and Expenses. In the event any party to these Bylaws should default under any of the provisions hereof and the nondefaulting parties should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will on demand pay to the nondefaulting parties the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting parties awarded to the nondefaulting parties by a court of competent jurisdiction.

10.6 No Additional Waiver Implied by One Waiver. No waiver by BICEP of any breach of these Bylaws or any provisions of these Bylaws shall be deemed to constitute a waiver of any preceding or succeeding breach of the same or any other provision of these Bylaws. Any failures or delays by BICEP in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by BICEP in asserting any of its rights and remedies shall not deprive BICEP of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

ARTICLE XI APPLICABLE STATE LAW

11.1 The laws of the State of California shall govern the interpretation and enforcement of these Bylaws. In the event of a conflict between California laws and an out-of-state Member's state law, California law shall control; except however, notwithstanding any provision to the contrary, these Bylaws shall not be construed to alter or change any applicable limitations to liability, e.g., caps on liability judgments, more stringent claim requirements, or other immunities, applicable under the state law of an out-of-state Member to such Member. To the extent that another state's laws do not conflict with California laws as referenced herein, the other state's laws also apply. The Members agree that any legal actions and proceedings to resolve any dispute under JPA Agreement, these Bylaws or any Risk Management Program shall only be brought in the Superior Court of the State of California.

ARTICLE XII COMPANION DOCUMENTS

12.1 All Exhibits referred to in this Agreement are incorporated herein by such reference and made a part hereof.