

BYLAWS AND INTERGOVERNMENTAL AGREEMENT
COLORADO INTERGOVERNMENTAL
RISK SHARING AGENCY

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ARTICLE I. Definitions. As used in this agreement, the following terms shall have the meaning hereinafter set out:

(1) AGGREGATE STOP LOSS INSURANCE - Insurance purchased by the AGENCY CIRSA from an insurance company approved by the Insurance Commissioner to underwrite such coverage in Colorado providing certain coverage up to a contracted amount for otherwise uninsured losses to be borne by the joint risk Sharing MANAGEMENT pool, which in any one year aggregate to a pre-set maximum amount of coverage.

(2) BOARD - BOARD OF DIRECTORS OF CIRSA.

(3) CATASTROPHE EXCESS INSURANCE - Insurance purchased by the AGENCY CIRSA from an insurance company approved by the Insurance Commissioner of the State of Colorado to underwrite such coverage in Colorado providing certain coverage for losses over a prudent amount up to a pre-set maximum amount of coverage.

(4) CIRSA - The Colorado Intergovernmental Risk Sharing Agency established pursuant to the Constitution and the statutes of this state by this intergovernmental agreement.

(5) EXECUTIVE DIRECTOR - EXECUTIVE DIRECTOR OF CIRSA.

(6) FISCAL YEAR - January 1 to December 31.

(7) JOINT RISK MANAGEMENT POOL - A fund of public monies established by the Colorado Intergovernmental Risk Sharing Agency CIRSA to self-insure certain risks jointly within a defined scope and to purchase catastrophe, excess and/or aggregate stop loss insurance when deemed prudent.

(8) JOINT SELF INSURANCE - A self-insurance program in which units of local government MUNICIPALITIES agree to contribute annual and where required supplementary payments to support a risk management program and a joint risk management pool.

(9) MEMBERS - The municipalities which enter into this intergovernmental agreement.

(10) POLICY YEAR - January 1 to December 31.

(11) RISK MANAGEMENT - A program of identification of exposures to accidental loss, reduction or limitation of losses to municipal properties and from injuries to persons or property caused by the operations of municipalities, and prudent funding of these risks. Where claims arise, employees and officers of the AGENCY CIRSA will process such claims, investigate their validity, settle or defend against such claims within the financial limits of the JOINT risk management agreement POOL, tabulate such claims, costs and losses and carry out other assigned duties.

(12) SELF-INSURANCE - The decision by a unit of municipal government MUNICIPALITY not to purchase insurance coverage for risks below certain limits; to seek all immunities provided by Colorado law for a non-insured unit of ANY local government AND THE OFFICERS AND EMPLOYEES THEREOF; to rely upon its financial capabilities to pay any losses which occur for which it is liable; and to purchase some insurance to protect against catastrophic or aggregate losses.

ARTICLE II: Creation of Agency CIRSA. The Colorado Inter-governmental Risk Sharing Agency, a separate and independent governmental organization AND LEGAL ENTITY, is hereby formed by intergovernmental agreement by member municipalities pursuant to the provisions of C.R.S. 1973, 24-10-115.5, C.R.S. (1982 REPL. VOL.), as amended, and C.R.S. 1973, 29-1-201 et seq., C.R.S. (1977 REPL. VOL.), as amended, 29-13-102, C.R.S. (1977 REPL. VOL.), AS AMENDED, AND COLORADO CONSTITUTION, ARTICLE XIV, SECTION 18(2).

ARTICLE III. Purposes. (1) The purposes of the AGENCY CIRSA are to provide a joint self insurance RISK MANAGEMENT pool and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of this AGENCY CIRSA, or their employees or officers.

(2) It is the intent of the members of this AGENCY CIRSA to create an entity in perpetuity which will administer a joint risk management pool and use funds contributed by the members to defend and indemnify, in accordance with these Bylaws, any member of the AGENCY CIRSA against stated liability or loss, to the limit of the financial resources of the AGENCY CIRSA. It is also the intent of the members to have the AGENCY CIRSA insure PROVIDE continuing stability and availability of needed coverages at reasonable costs. All income and assets of the AGENCY CIRSA shall be at all times dedicated to the exclusive benefit of its members. These Bylaws shall constitute the substance of the intergovernmental contract among the members.

ARTICLE IV. Non-Waiver of Governmental or Other Immunity. All funds contained within the JOINT risk management pool are funds plus earned interest derived from its members which are municipal governments MUNICIPALITIES within the state of Colorado. It is the intent of the members in THAT, BY entering into this agreement, that they do not WAIVE and are not waiving any immunity provided to the members or their public employees by the Colorado Governmental Immunity Act, C.R.S. 1973, 24-10-101 et seq., as amended, or by other law ANY LAW.

ARTICLE V. Agency CIRSA Powers and Duties. (1) The powers of the AGENCY CIRSA to perform and accomplish the purposes set forth above shall, within the budgetary limits and procedures set forth in these Bylaws, be the following:

(a) To employ agents, employees and independent contractors.

(b) To purchase, sell, encumber and lease real property and to purchase, sell, or lease equipment, machinery, and personal property.

(c) To invest funds as allowed by Colorado Statutes.

(d) To carry out educational and other programs relating to risk management.

(e) To create, collect funds for, and administer a JOINT risk management pool.

(f) To purchase excess insurance, and/or stop loss insurance to supplement the JOINT risk management pool.

(g) To establish reasonable and necessary loss reduction and prevention procedures to be followed by the members.

(h) To provide risk management and claim adjustment OR TO CONTRACT FOR SUCH SERVICES, including the defense and settlement of claims.

(i) To carry out such other activities as are necessarily implied or required to carry out the purposes of the AGENCY CIRSA specified in Article III or the specific powers enumerated in this Article.

(j) To sue and be sued.

(k) To enter into contracts.

(l) To reimburse directors for reasonable and approved expenses, including expenses incurred in attending Board meetings.

(m) To purchase fidelity bonds for all officers, directors, and employees of the AGENCY CIRSA.

ARTICLE VI. Participation. The membership of the AGENCY CIRSA shall be limited to those municipal governments MUNICIPALITIES who WHICH are members of the Colorado Municipal League who AND WHICH properly enter into and adopt this intergovernmental agreement and bylaws. New members shall be admitted only by a two-thirds (2/3) vote of the members present at a meeting, subject to the payment of such sums and under such conditions as the members shall in each case or from time-to-time establish. ANY MEMBER ADMITTED ON OR AFTER JANUARY 1, 1984, UNLESS EXPELLED PURSUANT TO ARTICLE XV, SHALL REMAIN A MEMBER OF CIRSA FOR A PERIOD OF AT LEAST ONE YEAR.

ARTICLE VII. Commencement of AGENCY and Term:

All initial MEMBERS of the AGENCY and any new MEMBERS admitted thereafter unless expelled pursuant to the expulsion provision of Article XVIII, shall remain MEMBERS of the AGENCY for a period of at least one (1) year. In the event that by December 18, 1981, there has been deposited within or committed

to the Risk Management Pool as a first year's payment the sum of at least \$-----; the AGENCY shall begin its operations on January 17, 1982. If \$----- has not been received or committed by December 18, 1981, then the AGENCY shall begin its operations thirty (30) days after the date when at least that amount has been deposited or committed for provided that the initial rate or rates are as aforesaid. A municipality which has not deposited or committed funds by the date of the initial commencement may join the AGENCY during the first sixty (60) days of operation.

ARTICLE VII. Members Powers and Meetings. (1) The members at a meeting thereof shall have the power to:

(a) Elect a Board of Directors by a majority vote of the members present at the annual meeting.

(b) Amend the bylaws by a 2/3 majority vote of the members present at a meeting, BUT NO AMENDMENT SHALL TAKE EFFECT SOONER THAN SIXTEEN (16) DAYS AFTER ADOPTION OF THE AMENDMENT.

(c) Admit and expel members by a 2/3 majority VOTE of the members present at a meeting.

(d) ADOPT AND adjust the coverages TYPES OF LOSSES COVERED, LIMITS OF LIABILITY ON EXCESS INSURANCE POLICIES, AND THE TYPES OF DEDUCTIBLES which the AGENCY CIRSA provides by a 2/3 majority vote of the members present at a meeting. (The initial coverages are included as Attachment B.)

(e) Remove a director of the Board of Directors by a 2/3 majority vote of the members present at a meeting.

(2) Meetings of the members shall be held as follows:

(a) Members shall meet quarterly AT LEAST ONCE ANNUALLY at a time and place to be set by the Board of Directors, with notice mailed to each member at least 15 days in advance.

(b) Special meetings may be called by the directors or by a petition of 1/3 of the members. Notice of special meetings shall be mailed to each member at least 15 days in advance.

(c) The Chairman of the Board of Directors will preside at the meetings.

(d) Fifty percent of the members shall constitute a quorum to do business.

(e) No absentee or proxy voting shall be allowed.

(f) Each member shall be entitled to one vote on all issues EACH ISSUE.

ARTICLE VIII. Obligation of Members. (1) The obligations of members of the agency CIRSA shall be as follows:

(a) To pay promptly all annual and supplementary contributions or other payments to the AGENCY CIRSA at such times and in such amounts as shall be established by the Board of Directors and MEMBERS pursuant to these Bylaws. Any delinquent payments shall be paid with interest which shall be equivalent to the prime interest rate ON THE DATE OF DELINQUENCY of the Central Bank of Denver BANK WHICH INVESTS THE MAJORITY OF THE CIRSA FUNDS on the date of delinquency. Payments will be considered delinquent forty-five (45) days following the due date.

(b) To designate a voting representative and alternate for the members meetings. A member's voting representative must be an employee or officer of the member municipality, but may be changed from time to time.

(c) To allow the AGENCY CIRSA AND ITS AGENTS, OFFICERS AND EMPLOYEES reasonable access to all facilities of the member and all MEMBER records, including but not limited to financial records, as required for the administration of the Agency CIRSA.

(d) To allow attorneys designated by the AGENCY CIRSA to represent the member in the investigation, settlement and litigation of any claim made against the member within the scope of loss protection furnished by the AGENCY CIRSA.

(e) To cooperate fully with the AGENCY'S CIRSA's attorneys, claims adjusters and any other agent, employee, or officer of the Agency CIRSA in activities relating to the purposes and powers of the AGENCY CIRSA.

(f) To follow the loss reduction and prevention procedures established by the AGENCY CIRSA.

(g) To report to the AGENCY CIRSA as promptly as possible all incidents or occurrences which could reasonably be expected to result in the AGENCY CIRSA being required to consider a claim against the municipality, its agents, officers, or employees, or for casualty losses to municipal property within the scope of coverages undertaken by the AGENCY CIRSA.

(h) To adopt a risk management statement APPROVED BY THE BOARD.

(i) To maintain an active safety committee or administrator SAFETY COORDINATOR.

(j) To report to the AGENCY CIRSA as soon as reasonably possible, the addition of new programs and facilities or the significant reduction or expansion of existing programs and facilities or other acts which will cause material changes in the members accidental loss.

(k) To provide the AGENCY CIRSA periodically, as requested, with information on the value of buildings and contents and other real and personal properties.

(l) To participate in coverage of losses and to pay contributions AS ESTABLISHED AND in the manner set forth by the members Board.

ARTICLE IX. Contributions. It is the intention of the pool CIRSA to levy contributions to the members as established by the pool Board of Directors. Further, after sufficient data and experience, The Board may adjust INCREASE contributions charged to ANY members to reflect increased risk resulting from a refusal to participate IN or willful violation of safety or loss prevention programs OR FOR OTHER REASONS ESTABLISHED BY THE BOARD. Conversely, THE BOARD MAY REDUCE contributions may be reduced, for ANY members that faithfully participates in loss prevention and safety programs OR FOR OTHER REASONS ESTABLISHED BY THE BOARD.

ARTICLE X. Board of Directors. (1) The Board of Directors will be composed of five (5) directors. Directors will be elected from among the members representatives. There will be:

(a) One director from a member under 20,000 population.

(b) One director from a member of 20,000 to 40,000 population.

(c) Two directors, from members EACH FROM A DIFFERENT MEMBER above 40,000 population. ~~(These Directors will be from different members.)~~

(d) One director at large.

(2) Every two years population will be determined by the census figures reported by the U.S. Bureau of Census.

ARTICLE XII. Election of Directors.

(3) The election of directors will be made by the members as a whole by a simple majority vote at the annual meeting to be scheduled in December of each year.

ARTICLE XIII. Terms of Directors.

(4) Terms of the directors will be two year staggered terms. with the "at large" director and one of the "over 40,000" directors elected for an initial two year term. The remaining directors shall be elected for an initial one year term with two year staggered terms thereafter.

ARTICLE XI. Powers and Duties of the Board of Directors. THE BOARD SHALL HAVE THE FOLLOWING POWERS AND DUTIES:

(1) To elect DURING THE FIRST BOARD MEETING FOLLOWING EACH ANNUAL MEETING, a chairman, vice-chairman, secretary/treasurer, and other officers as appropriate. EACH OFFICER SHALL SERVE UNTIL HIS OR HER SUCCESSOR IS ELECTED, BUT THERE SHALL BE NO LIMIT ON THE NUMBER OF TERMS SERVED BY ANY PERSON.

(2) To recommend criteria for new members.

(3) To establish contributions by the members.

(4) To recommend coverages to the members THE TYPES OF LOSSES TO BE COVERED, LIMITS OF LIABILITY ON EXCESS INSURANCE POLICIES, AND THE TYPES OF DEDUCTIONS WHICH CIRSA PROVIDES.

(5) To select insurance brokers ALL SERVICE PROVIDERS NECESSARY FOR THE ADMINISTRATION OF CIRSA.

(6) To set the dates, places and provide an agenda for Board of Director's and member's meetings.

(7) To fill vacancies in the Board by majority vote of the remaining directors for the unexpired term.

(8) To exercise all powers of the AGENCY CIRSA except powers reserved to the members.

(9) To prepare, adopt and report the agency CIRSA's budget to the members.

(10) To hire and discharge personnel OR TO DELEGATE SUCH AUTHORITY TO THE EXECUTIVE DIRECTOR.

(11) To make reports to the members at the quarterly meetings.

(12) To provide for claims and loss control procedures, TO ESTABLISH CONDITIONS WHICH MUST BE MET PRIOR TO THE PAYMENT OR DEFENSE OF A CLAIM, AND TO DENY A CLAIM OR THE DEFENSE OF A CLAIM IF THE CONDITIONS ARE NOT MET.

(13) To provide for the investment and disbursement of funds.

(14) To establish rules governing its own conduct and procedure AND THE POWERS AND DUTIES OF ITS OFFICERS, not inconsistent with these Bylaws.

(15) To provide to members annually:

(a) An audit of the financial affairs of the AGENCY CIRSA to be made by a certified public accountant at the end of each fiscal year in accordance with generally accepted auditing principles and state law; and

(b) An annual report of operations.

(16) To form committees (~~i.e.~~ claims committee) and provide other services as needed by the AGENCY CIRSA. THE BOARD SHALL DETERMINE THE METHOD OF APPOINTMENT AND TERMS OF COMMITTEE MEMBERS.

(17) To do all acts necessary and proper for the operation of the AGENCY CIRSA and implementation of these Bylaws subject to the limits of the Bylaws AND NOT IN CONFLICT WITH THESE BYLAWS.

(18) Dissolve the AGENCY CIRSA and disburse its assets by a 2/3 vote of the entire membership provided that a notice of intent to dissolve the AGENCY CIRSA shall be given to the Insurance Commissioner AT LEAST ninety (90) days prior to the effective date. No such plan to dissolve the AGENCY CIRSA shall be effective until approved by the Insurance Commissioner.

ARTICLE XII. Meetings of the Board of Directors. (1) The Board may set a time and place for regular meetings which may be held without further notice, AND SHALL ESTABLISH PROCEDURES FOR NOTICE OF SPECIAL MEETINGS.

~~(2) Special meetings may be called by the chairman or three directors by mailing written notice at least 10 days in advance to all directors or by unanimously executed waiver of notice.~~

~~(3)~~ (2) Three (3) directors shall constitute a quorum to do business. All acts of the Board shall require a majority vote of the directors present.

ARTICLE XIII. Liability of Board of Directors or Officers. The MEMBERS of the Board of Directors or officers of the AGENCY DIRECTORS AND OFFICERS OF CIRSA should use ordinary care and reasonable diligence in the exercise of their power, and in the performance of their duties hereunder; they shall not be liable for any mistake of judgment or other action made, taken or omitted by them in good faith; nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care. No director shall be liable for any action taken or omitted by any other director. No Director shall be required to give a bond or other security to guarantee the faithful performance of his duties hereunder although the AGENCY shall provide such bonds CIRSA SHALL OBTAIN A BOND OR OTHER SECURITY TO GUARANTEE THE FAITHFUL PERFORMANCE OF EACH DIRECTOR'S, OFFICER'S, AND THE EXECUTIVE DIRECTOR'S DUTIES HEREUNDER. The JOINT risk management pool shall be used to defend and indemnify any director, or officer, OR EMPLOYEE for actions taken by the Board or performed by the Director EACH SUCH PERSON in good faith within the scope of his OR HER authority for the AGENCY CIRSA. The AGENCY CIRSA may purchase insurance providing similar coverage for such directors, or officers, AND EMPLOYEES.

ARTICLE XIV. Withdrawal from Membership. Any member may withdraw from the AGENCY CIRSA after the member's initial one (1) year term at the end of any policy year by giving at least ninety (90) days notice in writing to the Board of its desire to withdraw. ANY MEMBER MAY WITHDRAW FROM CIRSA WITHIN FIFTEEN (15) DAYS AFTER THE ADOPTION OF AN AMENDMENT TO THESE BYLAWS BY GIVING

NOTICE IN WRITING TO THE BOARD OF ITS INTENT TO WITHDRAW. The WITHDRAWN member shall not be entitled to any reimbursement of contributions, dividends or credits that are to be paid or that shall become payable in the future, and shall continue to be obligated to make any payment for which such obligation arose prior to such withdrawal.

ARTICLE XV. Expulsion of Members. (1) By a two-thirds (2/3) majority vote of the members present at a meeting, any member may be expelled. Such expulsion, which shall take effect sixty (60) days after such meeting, may be carried out for one or more of the following reasons:

- (a) Failure to make any payments due to the AGENCY CIRSA.
- (b) Failure to undertake or continue loss reduction and prevention procedures adopted by the AGENCY CIRSA.
- (c) Failure to allow the AGENCY CIRSA reasonable access to all facilities and records of the member necessary for proper administration of the agency CIRSA.
- (d) Failure to fully cooperate with the AGENCY's CIRSA's attorneys, claims adjusters or other agent, employee, or officer of the AGENCY CIRSA.
- (e) Failure to carry out any obligation of a member which impairs the ability of the AGENCY CIRSA to carry out its purpose or powers.

(2) No member may be expelled except after notice from the Board of Directors of the alleged failure along with the reasonable opportunity of not less than thirty (30) days to cure the alleged failure. The member may request a hearing before the members before any final decision, which shall be held within fifteen (15) days after the expiration of the time to cure has passed. The Board shall present the case for expulsion to the members. The member affected may present its case. A decision by the membership to expel a member after notice and hearing and failure to cure the alleged defect shall be final and take effect sixty (60) days after the decision to expel is approved by the members. After expulsion, the former member shall be liable for any unpaid contributions or other charges pro rata to the effective date of expulsion, AND SHALL NOT BE ENTITLED TO REIMBURSEMENT OF CONTRIBUTIONS THAT ARE TO BE PAID OR THAT SHALL BECOME PAYABLE IN THE FUTURE.

ARTICLE XVI. Contractual Obligation. This document shall constitute an intergovernmental contract among those units of local government which becomes members of the AGENCY CIRSA. The terms of this contract may be enforced in court by the AGENCY CIRSA itself or by any of its members. The consideration for the duties herewith imposed upon the members to take certain actions and to refrain from certain other actions shall be based upon the mutual promises and agreements of the members set forth herein. These Bylaws when properly approved by the proper authority of

the member shall be the intergovernmental contract. A certified copy of the ordinance, resolution or other document of approval for each member accompanied by an attorney's certification of proper authority and adoption, shall be attached to the original Bylaws on file with the AGENCY CIRSA. Provided, however, that except to the extent of the limited financial contributions to the AGENCY CIRSA agreed to herein or such additional obligations as may come about through amendments to these Bylaws, no member agrees or contracts herein to be held responsible for any claims in tort or contract made against any other member. The contracting parties intend in the creation of the AGENCY CIRSA to establish an organization for joint risk management only within the scope herein set out and have not herein created as between member and member any relationship of surety, indemnification or responsibility for the debts of or claims against any other member.

ARTICLE XVII. Severability. In the event that any article, provision, clause or other part of these Bylaws should be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability with respect to other articles, provisions, clauses, applications or occurrences, and these Bylaws are expressly declared to be severable.