

RESOLUTION REGARDING MEMBERSHIP  
IN THE CITY COUNTY INSURANCE  
SERVICES TRUST

) RESOLUTION NO. 35  
)  
) FOR 2005

WHEREAS, City County Insurance Services Trust (CIS) is a trust established by the League of Oregon Cities (LOC) and Association of Oregon Counties (AOC) to create and administer pooled retention funds to protect members against the financial consequence of property, casualty, and workers compensation losses pursuant to coverage agreements; and

WHEREAS, CIS provides its Members a broad array of risk management services, including risk financing, loss prevention and loss control programs, claims management and legal representation, risk management consulting, data gathering, information sharing, training and related services; and

WHEREAS, the City of Lebanon finds that membership in CIS is a benefit in managing the risks involved in providing services to its citizens; and


WHEREAS, the City of Lebanon has been provided with copies of the CIS Trust Agreement, Bylaws and Rules which have been recently updated and revised; and

WHEREAS, the CIS Bylaws, at Articles 2.2.2 and 3.3 provide that Articles 2 and 3 of the bylaws shall constitute a contract between the Member and CIS and that the Member shall adopt a resolution acknowledging that contractual relationship.

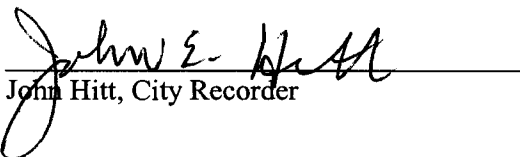
NOW, THEREFORE, BE IT RESOLVED the City of Lebanon does hereby acknowledge and agree that it has received copies of the CIS Agreement and Declaration of Administrative Trust, Bylaws, and Rules and accepts the terms and conditions therein with respect to any CIS coverage programs in which it elects to participate and for which it is accepted as a Member by CIS.

This resolution shall become effective immediately upon its adoption.

Passed by the Council by a vote of 5 for and 0 against and approved by the Mayor this 14<sup>th</sup> day of December, 2005.

  
Kenneth I. Toombs, Mayor [ ]  
J. Scott Simpson, Council President [x]

ATTEST:

  
John Hitt, City Recorder



**CITY OF LEBANON**  
**FINANCE DEPARTMENT**  
**MEMORANDUM**

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**TO:** John E. Hitt, City Administrator  
**DATE:** November 18, 2005  
**FROM:** Casey Cole, Finance Director *CC*  
**SUBJECT:** Resolution Regarding Membership in the City  
County Insurance Services Trust

In May and June of 2005, we worked with our agent of record, Barker-Uerlings Insurance to secure insurance coverage for the City. We received two offers of insurance, one from Trident, and the other from CIS (City County Insurance Services). We selected CIS on the basis of lower premium, and location of offices and representatives – Oregon versus Texas.

CIS requires that the governing body approve a “Resolution Regarding Membership In the City County Insurance Services Trust” as part of securing insurance coverage. They have requested that this resolution be approved by December 15, 2005 for our policy that began last July.

Attached is the resolution, as well as a copy of the “Agreement and Declaration of Administrative Trust, Bylaws, and Rules” that are referred to in the resolution. I recommend approval of the resolution.

**CITY COUNTY INSURANCE SERVICES  
AGREEMENT AND DECLARATION OF ADMINISTRATIVE TRUST**

THIS AGREEMENT AND DECLARATION OF ADMINISTRATIVE TRUST (hereinafter "Declaration") is made this 1<sup>st</sup> day of October, 2000, by and between the LEAGUE OF OREGON CITIES ("League") and the ASSOCIATION OF OREGON COUNTIES ("Association"), acting through their respective Boards of Directors.

**RECITALS**

I. The LEAGUE is an intergovernmental entity established by intergovernmental agreement pursuant to Oregon Revised Statutes Chapter 190 to perform governmental purposes and functions, to promote the common interests of its member cities and to institute programs to assist those members in performing their proper functions at the least cost to their taxpayers.

The ASSOCIATION is an organization for intergovernmental cooperation created by its member counties pursuant to ORS 190.010 to ORS 190.110 to promote the common interests of its member counties and to institute programs to assist those members in performing their proper functions at the least cost to their taxpayers.

The above intergovernmental agreements authorize the League and Association to establish by trust or agreement a means to provide risk management and insurance services to their members.

This Declaration is adopted as an intergovernmental agreement pursuant to ORS 190.010 and establishes an intergovernmental entity as permitted by ORS 190.010(5). Such entity shall be known as the City County Insurance Services (CIS), and shall be administered pursuant to this Declaration.

II. On June 22, 1958, the League established a trust known as the League of Oregon Cities Insurance Trust to provide employee welfare benefits to employees of League members. The trust was revised and restated November 1, 1984, and its name was changed to the League of Oregon Cities Employee Benefits Services Trust ("EBS Trust"). The EBS Trust Agreement was restated again on October 14, 1988, and is attached and incorporated as Exhibit A.

On March 11, 1960, the Association established a trust known as the Association of Oregon Counties Insurance Trust ("AOCIT") to provide employee welfare benefits to employees of Association members. The AOCIT was revised January 1, 1993 and restated on July 1, 1993, and is attached and incorporated as Exhibit B.

On July 1, 1981, the League and the Association established the City/County Insurance Services Trust (the "1981 CIS Trust") to provide property, liability and workers' compensation insurance coverage to their members. The 1981 CIS Trust was revised February 1, 1988. A copy of the revised Trust is attached and incorporated as Exhibit C.

On April 16, 1993, the League and the Association adopted the City/County Insurance Services Declaration And Agreement of Trust (the "1993 CIS Trust") which established a trust and a successor board of trustees, and consolidated the Exhibit A, B and C trusts for administration by that successor board. The 1993 CIS Trust, amended November 18, 1994, created an entity known as the "CIS Trust" pursuant to ORS 190.010(5), the existence of which is ratified hereby.

This Declaration (also referred to as the "ADMINISTRATIVE TRUST") is effective October 1, 2000, and constitutes a revision and restatement of the above 1993 CIS Trust Declaration as amended in 1994. The principal purpose of this DECLARATION is to consolidate administration of the EBS Trust, the AOCIT, and the CIS Trust in the Board of Trustees of this ADMINISTRATIVE TRUST to accomplish the further objectives set forth in the following Recitals:

III. In furtherance of the above, the LEAGUE and the ASSOCIATION, for the benefit of their respective members, agree:

- A. To continue and improve the CIS Trust program whereby the risks incurred by their member governments in the areas of tort liability, property loss, and workers' compensation may be effectively and economically managed, and whereby insurance and self-insured retention of such risks may be most responsibly and economically funded.
- B. To continue to provide and improve the EBS Trust programs and the AOCIT programs to which contributions from participating employers and contributions, if any, from participating employees can be paid and through which the Trust can create and administer health and welfare benefit plans, including (a) life, dependent life, accidental death and dismemberment insurance; (b) health benefits; and (c) disability benefits for non-occupational illness or injury, according to sound actuarial and underwriting principles.
- C. To consolidate administration of the three existing trusts.

IV. This Declaration shall constitute a ratification, revision and restatement of the City/County Insurance Services Declaration and Agreement of Trust between the same parties dated November 18, 1994; provided, however, that amendments therein to the EBS Trust and the AOCIT are not rescinded.

IN CONSIDERATION of the benefits to be derived for their respective members, and the mutual covenants and conditions herein contained, the LEAGUE and the ASSOCIATION declare and agree as follows:

## ARTICLE 1. DEFINITIONS

For the purposes of the consolidated administration of the CIS Trust, the EBS Trust and the AOCIT, the definitions of the EBS Trust Agreement, as restated October 14, 1988, and of the AOCIT Agreement, revised and adopted June 14, 1993, shall apply unless the context clearly indicates otherwise, and "Board of Trustees" or "Trustees" means the CIS Board of Trustees, designated under Article 2 of this Declaration to administer the trust plans of the CIS Trust, the EBS Trust, and the AOCIT.

## ARTICLE 2. BOARD OF TRUSTEES.

2.1 The ADMINISTRATIVE TRUST shall be governed by a Board of Trustees composed of ten Trustees. Four Trustees shall be appointed by the Board of Directors of the LEAGUE and four shall be appointed by the Board of Directors of the ASSOCIATION. The Executive Directors of the LEAGUE and the ASSOCIATION shall serve as Trustees. The LEAGUE and the ASSOCIATION, with respect to the Trustees appointed by each, shall adopt their own rules and procedures for the appointment, tenure, and removal of Trustees, subject to the following minimum standards:

2.1.1 If Trustees are appointed for a fixed term, terms shall be for no less than one year, and shall be staggered so that no more than one LEAGUE-appointed Trustee's term, and no more than one ASSOCIATION-appointed Trustee's term expires during any calendar year.

2.1.2 As a qualification for appointment and continued service, each appointed Trustee shall be an elected or appointed official of a city or county which is a member of the LEAGUE or ASSOCIATION appointing the Trustee and which is a participant in one or more coverages offered by the ADMINISTRATIVE TRUST.

2.1.3 In order to insure the faithful, independent, and impartial exercise of judgment and discharge of their obligations, Trustees shall, during their term of office, be subject to removal only for just cause. Nonattendance at three consecutive regular board meetings shall constitute good cause.

2.1.4 No Trustee shall serve, and no appointment shall be effective until such appointee acknowledges in writing full and unconditional acceptance of the terms of this Declaration and Agreement.

2.2 In the event of a Trustee's resignation, ineligibility (including disqualification under Paragraph 2.1.2 hereof), removal, or refusal to act, a successor Trustee shall be appointed as provided in Paragraph 2.1 hereof.

2.2.1 If the Trustee being replaced was serving a fixed term, the successor Trustee shall be appointed to serve the remainder of the unexpired term.

2.2.2 In the event that a Trustee shall cease to be qualified pursuant under Paragraph 2.1.2 hereof as an elected or appointed official, such Trustee may

continue to serve for a period of 90 days or until appointment of a successor, whichever shall come first.

2.2.3 In the event that a Trustee shall cease to be qualified under Paragraph 2.1.2 hereof as an elected or appointed official of a participant in one or more coverages offered by the ADMINISTRATIVE TRUST, such Trustee may continue to serve for a period of one year, or until appointment of a successor, whichever shall occur first.

2.2.4 If a Trustee, within the times set forth in Paragraphs 2.2.2 or 2.2.3 above, shall again be qualified to serve, then such Trustee shall continue to serve as if such period of disqualification had not occurred.

2.3 Should a vacancy exist among the Trustees, the remaining Trustees shall have full power to act as the Board of Trustees.

2.4 Trustees, officers and agents of the ADMINISTRATIVE TRUST shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties.

2.5 Trustees, officers and employees of the ADMINISTRATIVE TRUST shall be entitled to all rights, indemnities, immunities and defenses as provided to other public officials pursuant to the Oregon Tort Claims Act.

2.6 The Board of Trustees shall require designated persons performing services to the ADMINISTRATIVE TRUST under the above provisions to be bonded or insured in a form and amount set by the Board of Trustees.

2.7 The Board of Trustees shall be chaired by one of the appointed members chosen in accordance with the Board of Trustees' bylaws, and, in the absence of the chair, by a vice-chair chosen in accordance with the bylaws; provided, however, that the chair and vice-chair shall alternate annually between appointees of the LEAGUE and the ASSOCIATION so that each body is represented by an appointee holding one office or the other in any year, and the following year the representation is reversed.

2.8 The Board of Trustees shall hold an annual meeting between January 1 and June 15 of each year, and shall meet at such other times as may be necessary with the concurrence of any six Trustees or upon call of the chair. At the request of the LEAGUE or the ASSOCIATION, the Board of Trustees shall meet with Boards of Directors of the LEAGUE or the ASSOCIATION, jointly or separately.

2.9 Six Trustees shall constitute a quorum; provided, however, that if there are three or more vacancies in Trusteeships, the remaining Trustees shall constitute a quorum and shall have full power to transact business and act for the ADMINISTRATIVE TRUST.

2.10 All ADMINISTRATIVE TRUST action shall require affirmative votes of a majority of the members of the Board.

2.11 The chair or vice-chair of the Board of Trustees shall execute on behalf of the ADMINISTRATIVE TRUST all contracts, documents, and pleadings as may be approved by the Board of Trustees; provided that the Board of Trustees may delegate to any person or firm engaged pursuant to Paragraphs 4.1.2, 4.1.3, or 4.1.4, 4.1.12 a limited agency authority to bind the ADMINISTRATIVE TRUST in certain cases or kinds of transactions to be specified in writing by the Board of Trustees.

### ARTICLE 3. PURPOSES OF ADMINISTRATIVE TRUST.

3.1 The express purposes and primary objectives of the ADMINISTRATIVE TRUST are:

3.1.1 To provide for the consolidated administration of the trusts described in the Recitals.

3.1.2. To make available to the LEAGUE and ASSOCIATION, and to those members who choose to participate, membership services in the form of a broad array of risk management services, including but not limited to risk financing, loss prevention and loss control programs, claims management and legal representation, risk management consulting, data gathering, information sharing, training and related services;

3.1.3 To stabilize costs associated with financing risk by aggregating the collective buying power of LEAGUE and ASSOCIATION members to secure the economic advantages of group purchase, joint self-insurance and pooled risk retention;

3.1.4 To assure that there is available to LEAGUE and ASSOCIATION members a market for liability, property and workers' compensation insurance coverage appropriate to the risks to which such members are exposed;

3.1.5 To create and administer health and welfare benefit plans according to sound actuarial and underwriting principles for members of the LEAGUE and ASSOCIATION, and such other local governments whose participation may be approved by the LEAGUE and ASSOCIATION.

3.1.6 To create and administer pooled self-insured retention fund(s) for members of the LEAGUE and ASSOCIATION, and such other local governments whose participation may be approved by the LEAGUE and ASSOCIATION, and to establish actuarially sound contribution schedules for participants in such pool(s) at appropriate retention levels;

3.1.7 To provide leadership in collaboration with CIS members, the LEAGUE and the ASSOCIATION in presenting to appropriate legislative and administrative bodies and committees information related to the programs administered pursuant to this Declaration.

3.1.8 To receive, account for, invest, and disburse, as lawfully due and payable, moneys collected from participating cities, counties and other local governments as premiums, fees, and other contributions to the ADMINISTRATIVE TRUST, and to establish and maintain reserves reasonably required to provide security and stability to the Trust Plans.

3.1.9 To be a leader in working with other programs and affiliates of AOC and LOC on issues of joint interest.

3.1.10 To recognize the diversity of Oregon's cities and counties and make every effort to design and actively market innovative and competitive risk management products and services appropriate for their wide range of needs and interests.

3.2 The above purposes and objectives of the ADMINISTRATIVE TRUST shall be construed to include those purposes stated in the trusts described in the Recitals.

3.3 The foregoing expression of purposes is not exhaustive, and in addition to other related objectives reasonably inferred from that list, the ADMINISTRATIVE TRUST shall have such other objectives, not inconsistent with this Declaration, as may be lawful for a trust or an intergovernmental association under Oregon law.

3.4 To the extent of any conflict or inconsistency between this Declaration and the declarations of trust described in the Recitals, this Declaration shall control.

#### ARTICLE 4. POWERS, DUTIES, AND FUNCTIONS OF BOARD OF TRUSTEES.

4.1 In furtherance of the purposes set forth above, the Board of Trustees shall have the following powers and duties:

4.1.1 To act as the trustees of the trusts described in the Recitals, to exercise the trustee powers described in the declarations of those trusts, and to administer those trusts as described in this Declaration.

4.1.2. To approve the provisions of ADMINISTRATIVE TRUST plans, programs and policies; determine, increase, decrease, or terminate, in whole or in part, the benefits and coverage provided by the ADMINISTRATIVE TRUST plans, programs and policies; select the carriers providing the benefits and to exercise all rights granted to a policy holder; and establish or modify rules of eligibility for benefits and employer participation.

4.1.3 To engage and oversee, as the Board of Trustees deems appropriate, the services of competent insurance agents and brokers to negotiate on behalf of the TRUST with insurance underwriters, and to market coverage and services to prospective participants in the ADMINISTRATIVE TRUST'S services.

4.1.4 To engage, employ and oversee, as the Board of Trustees deems appropriate, the services of competent professionals and consultants to manage



or assist in the management, collection, investment, and disbursement of ADMINISTRATIVE TRUST funds.

4.1.5 To engage, employ and oversee the services of competent administrators and other staff to provide risk management and insurance related services to the ADMINISTRATIVE TRUST and its participants, including such claims reporting and adjusting, record keeping, information sharing, loss control and prevention consulting, and such related administrative and consulting services as the Board of Trustees deems appropriate, and to delegate such administrative authority deemed necessary or convenient by the Board.

4.1.6 To review and approve policy forms, service contract forms, and other documents appropriate to the operation of the ADMINISTRATIVE TRUST, and to establish the limits of authority of the persons engaged under Paragraphs 4.1. 2, 4.1. 3 and 4.1. 4.

4.1.7 To establish methods of calculating premiums for insurance coverages offered, and other service fees to be charged to participants in the ADMINISTRATIVE TRUST'S services; and to establish procedures for the collection, investment, and disbursement of moneys owed to and by the ADMINISTRATIVE TRUST, and actions to be taken with respect to delinquent accounts receivable.

4.1.8 To establish and maintain, from contributions and other assets of the ADMINISTRATIVE TRUST, reserves necessary according to sound actuarial and underwriting principles to provide stability and security to the ADMINISTRATIVE TRUST'S programs.

4.1.9 To provide for complete accounting, and at least annually, audit of the funds received, invested, kept and disbursed by the ADMINISTRATIVE TRUST; and to establish such accounts with financial and investment institutions and brokerages as may be necessary and prudent for the proper management of ADMINISTRATIVE TRUST funds. All such funds of the ADMINISTRATIVE TRUST may be aggregated for purposes of deposit, investment and disbursement. However, records of moneys received and disbursed shall also be maintained by classes of local governments participating in each of the separate programs and services of the ADMINISTRATIVE TRUST. Funds from each separate program of the ADMINISTRATIVE TRUST shall not be commingled but shall be held and used exclusively for the benefit of current and past participants of each separate program. This shall not preclude payment for shared administrative costs in such proportions as the Board of Trustees, in its discretion, may determine.

4.1.10 To acquire and retain, to the extent allowed by state law, every kind of property, real, personal or mixed, and every kind of investment, specifically including, but not by way of limitation, bonds, debentures, and other corporate or government obligations, interests in common trust funds, and securities of any open-end or closed-end management type investment company or investment

trust, provided that in the making of investments the Trustees shall comply with the investment limitations of applicable law and investment policies of the Board.

4.1.11 To hold title to all investments or other assets of the ADMINISTRATIVE TRUST in the name of the TRUST, provided that for convenience in transferring bonds or other negotiable securities, title to the securities may be held in the name of the ADMINISTRATIVE TRUST'S custodian bank, or of its nominee

4.1.12 To maintain accurate records and accounts of all transactions, consistent with generally accepted accounting practices, which shall be available at all reasonable times for inspection by members, participating employers or beneficiaries.

4.1.13 To contract with the LEAGUE and the ASSOCIATION for such services and facilities as the Board of Trustees shall consider necessary and appropriate. The Board of Trustees may pay for such services and facilities out of ADMINISTRATIVE TRUST funds.

4.1.14 To compensate the LEAGUE and the ASSOCIATION for the use of their name and goodwill in support of marketing the products and services of the ADMINISTRATIVE TRUST. The Board of Trustees may pay such compensation out of ADMINISTRATIVE TRUST funds to the extent permitted by applicable law and prudent under pertinent tax laws.

4.1.15 To establish such advisory committees as the Board of Trustees deems advisable to assist in policy and operations of the ADMINISTRATIVE TRUST; and to appoint qualified persons to such committees to serve at the pleasure of the Board of Trustees.

4.1.16 To promulgate bylaws, polices and regulations for the operation of the Board of Trustees and the ADMINISTRATIVE TRUST consistent with the provisions of this Declaration and Agreement and the trusts described in the Recitals.

4.1.17 To exercise such other powers and to prepare and execute such other documents and agreements as may be lawful and necessary to implement more fully this Declaration and the purposes thereof.

## ARTICLE 5. USE OF ADMINISTRATIVE TRUST FUNDS.

5.1 Without further specific action of the Board of Trustees, but subject to any limitations or conditions set by the Board of Trustees in its bylaws or regulations, the administrators designated by the Board of Trustees shall disburse or authorize disbursement of moneys from funds of the ADMINISTRATIVE TRUST for any of the following purposes:

5.1.1 Payment of moneys due and certain under or by virtue of any contract, bond, benefit, plan or policy of insurance made or obtained by or on behalf of the

ADMINISTRATIVE TRUST, or pursuant to any pooled self-insured retention fund established by the ADMINISTRATIVE TRUST;

5.1.2 Investment and reinvestment of ADMINISTRATIVE TRUST funds under such standards and limitations as may be approved by the Board of Trustees;

5.1.3 Payment of premiums due on fidelity, performance, errors and omissions, or other bonds and insurance which the Board of Trustees may require in its bylaws to protect the ADMINISTRATIVE TRUST and its Trustees and employees;

5.1.4 Reasonable and necessary expenses incurred by Trustees and employees for such items as travel, meals, lodging, telephone calls, and other out-of-pocket expenses incurred in performing their duties; provided that the personal services and time devoted by Trustees shall not be compensated.

5.1.5 Any other purpose authorized by this Declaration or by the trusts described in the Recitals.

5.2 Except as provided in Paragraph 5.1, or as authorized in a budget duly adopted by the Board of Trustees, ADMINISTRATIVE TRUST funds shall not be disbursed, expended or obligated without express approval of the Board of Trustees.

5.3 The Board of Trustees shall provide for an annual audit of ADMINISTRATIVE TRUST funds and operations, and for such interim audits as it deems necessary. Copies of such audits shall be furnished to each Trustee, and to the LEAGUE and the ASSOCIATION. The cost of such audits shall be paid out of ADMINISTRATIVE TRUST funds.

5.4 The Board of Trustees shall adopt an annual budget, consistent with generally accepted government budgeting principles, not later than the last day of June of each year. Such budget shall identify revenue and expenses for each ADMINISTRATIVE TRUST program, including but not limited to the trusts described in the Recitals. The Board of Trustees or its administrator shall, in the process of preparing the annual budget, solicit the advice of the LEAGUE and the ASSOCIATION regarding services required by their respective members.

5.5 Income from investments of the ADMINISTRATIVE TRUST in excess of obligations payable under this Article may, at the direction of the Board of Trustees, be distributed in whole or in part, from time to time, to local government participants in the program, either directly or by way of reduction of premiums, contributions, or other fees assessed to participants. Such distributions shall be based upon such formula as the ADMINISTRATIVE TRUST shall approve which includes both losses incurred and proportionate premiums, contributions, and fees paid by individual local governments participating in the program during the period since the last distribution, if any. Except as provided in this section, investment income shall remain with the ADMINISTRATIVE TRUST for reinvestment or satisfaction of the obligations of the ADMINISTRATIVE TRUST as provided in Paragraphs 5.1 through 5.3.

**ARTICLE 6. ELIGIBILITY FOR PARTICIPATION AND TERMINATION.**

6.1 Subject to the terms of the trusts described in the Recitals and to regulations adopted by the Board of Trustees, the LEAGUE, the ASSOCIATION and each of their members shall be eligible to participate in the coverage, programs and services offered by or through the ADMINISTRATIVE TRUST.

6.2 In addition, "public bodies" as defined in ORS 30.260 (4) (b) and (c), may be allowed to participate in ADMINISTRATIVE TRUST programs and services.

**ARTICLE 7. INTEREST IN ADMINISTRATIVE TRUST PLAN ASSETS**

7.1 Neither participating employees, participating employers, beneficiaries, parties to the Trust Plans nor any other person or entity shall have any right, title, or interest in the assets of the ADMINISTRATIVE TRUST.

7.2 Neither participating employees nor beneficiaries shall have any right to assign any benefits provided by any employee benefit plan of the ADMINISTRATIVE TRUST except to a beneficiary or to a provider of medical or hospital services. The benefits provided by plans of the ADMINISTRATIVE TRUST shall not be subject to seizure by legal process or be in any way subject to the claims of creditors of a participating employee or beneficiary except for an authorized assignment to a provider of medical or hospital services.

7.3 For the purposes of this Declaration, the assets of the EBS Trust, AOCIT and 1981 CIS Trust shall be the property of the ADMINISTRATIVE TRUST.

**ARTICLE 8. DISSOLUTION OR TERMINATION OF ADMINISTRATIVE TRUST.**

8.1 This ADMINISTRATIVE TRUST may be voluntarily dissolved upon declaration of the LEAGUE, acting through its Board of Directors, or the ASSOCIATION, acting through its Board of Directors. Such declaration of dissolution shall not become effective until delivered, in writing, to each Trustee, and to the chief administrative officer or governing body of each participating city, county, and other public body, and then not until the happening of either of the following:

8.1.1 Expiration or termination of every policy, contract, or other agreement under which any city or county participates in the services offered by the ADMINISTRATIVE TRUST, or is indemnified or insured by or through the ADMINISTRATIVE TRUST; or

8.1.2 The adoption and approval of a distribution plan pursuant to paragraph 8.3.

8.2 This ADMINISTRATIVE TRUST shall automatically terminate and dissolve upon the first occurrence of any of the following:

8.2.1 The date, on which there are no members of the LEAGUE or ASSOCIATION then participating in the services offered by or indemnified or insured by or through the ADMINISTRATIVE TRUST;

8.2.2 The date on which all cities and counties then participating in the ADMINISTRATIVE TRUST cease to be members of the LEAGUE or the ASSOCIATION; or

8.2.3 Upon the dissolution, adjudication of bankruptcy, or appointment of a receiver for either the LEAGUE or the ASSOCIATION.

8.3 Upon dissolution or termination of the ADMINISTRATIVE TRUST;

8.3.1 The balance, if any, of assets arising from property/casualty programs of the ADMINISTRATIVE TRUST remaining after satisfaction of all obligations of the ADMINISTRATIVE TRUST shall be distributed according to a plan furthering the purposes of this ADMINISTRATIVE TRUST and adopted by the Board of Trustees with the approval of the LEAGUE and the ASSOCIATION. In the event such a plan is not approved within 180 days of such termination or dissolution, such remaining assets shall be distributed among those local governments who were participants in the ADMINISTRATIVE TRUST at any time during the 12 months immediately preceding dissolution or termination, in proportion to their individual actual payments made to the ADMINISTRATIVE TRUST of premiums, contributions, and fees during that 12 month period.

8.3.2 The balance, if any, of assets arising from health and welfare benefits programs of the ADMINISTRATIVE TRUST remaining after satisfaction of all obligations of the ADMINISTRATIVE TRUST shall be applied to purchase or provision of benefits which the Board of Trustees may determine for employers who are participating employers on the date of termination, or for individuals who are participating employees or beneficiaries on the date of termination. The Trust Plans' assets shall not revert to, or be used for, the Trustees of the Board of Trustees or the LEAGUE or the ASSOCIATION.

8.4 Automatic termination as provided in Section 8.2 shall not affect the rights of any participating local government under any policy of insurance underwritten by an insurer other than the ADMINISTRATIVE TRUST.

8.5 Upon dissolution or termination of the ADMINISTRATIVE TRUST, the Board of Trustees shall continue to act for the purpose of dissolution and the execution of all instruments which may be required to dissolve and liquidate the Trust Plans or ADMINISTRATIVE TRUST.

8.6 Termination or dissolution of the ADMINISTRATIVE TRUST shall not cause termination or dissolution of the trusts described in the Recitals. Such trusts shall dissolve or terminate according to the terms of each trust declaration.

## **ARTICLE 9. AMENDMENTS.**

9.1 This Declaration and Agreement may be amended from time to time by mutual written agreement of the LEAGUE and the ASSOCIATION acting through their respective Boards of Directors; provided that the LEAGUE and the ASSOCIATION deliver to each Trustee a full copy of the proposed amendment at least ten days prior to taking any action approving the amendment, and consider any written or oral comments by the Trustees either individually or as a Board of Trustees prior to such action.

9.2 No amendment shall operate to the prejudice of any vested rights held by any participant in the program under a policy, contract, or other document for the benefit of such participants.

9.3 The ADMINISTRATIVE TRUST shall not be amended in any manner inconsistent with the legal requirements applicable to the ADMINISTRATIVE TRUST to permit the ADMINISTRATIVE TRUST'S assets, or any part thereof to revert, or be diverted, to the benefit of any employee or any person other than the Participating Employers, Participating Employees or Beneficiaries to the extent contributions were made for the benefit of the Participating Employees or Beneficiaries. An amendment, by its terms, may be retroactive.

## **ARTICLE 10. SEVERABILITY.**

If any provision of this Declaration and Agreement is adjudicated to be invalid, unenforceable, or unconstitutional, the remainder of the provisions not subject to such adjudication shall not be affected and shall continue in full force and effect.

IN WITNESS WHEREOF, the LEAGUE and the ASSOCIATION have approved the foregoing amendments on the 1<sup>st</sup> day of October 2000.

**ASSOCIATION OF OREGON COUNTIES**

\_\_\_\_\_  
President

\_\_\_\_\_  
Executive Director

**LEAGUE OF OREGON CITIES**

\_\_\_\_\_  
President

\_\_\_\_\_  
Executive Director

# CITY COUNTY INSURANCE SERVICES ADMINISTRATIVE TRUST BYLAWS

## ARTICLE 1

### **DEFINITIONS**

Terms as utilized in the Bylaws shall have the meanings as set forth in this Article.

1.1. **Administration**. Administration shall include, without limitation, payment of costs and expenses related to loss prevention, claims administration, data processing, financial accounting and other Trust expenses, whether performed by the Trust or a Service Company. Capital expenditures for facilities and equipment necessary to carry out the purposes of the Trust shall be deemed as part of Administration.

1.2. **Association of Oregon Counties**. Association of Oregon Counties ("AOC") shall mean the Association of Oregon Counties, an intergovernmental agency established under the laws of the State of Oregon and having a principal place of business in Salem, Oregon.

1.3. **Bylaws**. The Bylaws shall mean the Bylaws of the City County Insurance Services Trust as set forth herein and as amended from time to time whether before or after the date hereof.

1.4. **Contribution**. Contribution shall mean required payments to purchase excess insurance in the name of the Trust, to establish Loss Funds and any other necessary or prudent reserves, and to provide administration. The term Contribution does not include premiums paid to CIS for any insurance coverage provided on a group purchase or individual basis.

1.5. **Coverage Agreement**. Coverage Agreement shall mean the agreement between the Trust and a Member describing the coverage provided in consideration of the Contribution received from the Member. A separate Coverage Agreement shall exist for each Line of Coverage made available by the Board of Trustees.

1.6. **Executive Director**. The Executive Director shall mean the person appointed by the Trustees, to be responsible for the daily activities of the Trust.

1.7. **Fund Year**. The Fund Year shall mean a twelve (12) consecutive month period chosen from time to time by the Trustees. The initial Fund Year shall end on June 30 unless the Board of Trustees shall provide otherwise. A Fund Year may be any period less than twelve (12) months if it is the first or last such year of the Fund or a year or years involving a change in the Fund Year.

1.8. **Governing Body**. Governing Body shall mean the City Council in cities, the Board of Commissioners or County Court in counties, and other similar governing bodies of authorities, agencies or entities eligible to become Members.



1.9. **Insurance Program**. Insurance Program shall mean a coverage program by an Insurer offered by the Trust to Participants as authorized by the Trustees.

1.10. **Insurer**. Insurer shall mean any insurance company providing any insurance contract to the Trust and providing any benefit, directly or indirectly, for any Member or Participant, including, but not limited to, any such policy that the Trustees deem necessary or prudent for the proper operation of the Trust.

1.11. **League of Oregon Cities**. League of Oregon Cities ("LOC") shall mean the League of Oregon Cities, an intergovernmental agency established under the laws of the State of Oregon and having a principal place of business in Salem, Oregon.

1.12. **Line of Coverage**. Line of Coverage shall mean each separate type of coverage for which Members make Contributions to the Loss Fund.

1.13. **Loss Fund**. Loss Fund shall mean all Contributions made by Members for coverage pursuant to a Coverage Agreement, Trust Agreement, Bylaws, Rules or other agreements pursuant or incident thereto; all of the sums, contracts, policies or properties received by the Trustees from the Members or other persons pursuant to a Coverage Agreement, Trust Agreement, Bylaws, Rules or other agreements pursuant or incident thereto for the uses, purposes and trusts as set forth in a Coverage Agreement, Trust Agreement, Bylaws and Rules; and all income, gains, and all other increments of any nature whatsoever, if any, therefrom.

1.14. **Member**. Member shall mean any city, county or other entity which becomes a Member pursuant to Article 2 of these Bylaws remains covered by at least one Line of Coverage, and whose membership has not been terminated or suspended pursuant to the Bylaws.

1.15. **Official**. Official shall mean any publicly elected or appointed official or employee of a Member or entity eligible to become a Member.

1.16. **Participant**. Participant shall mean any city, county or other entity which becomes a Participant pursuant to Article 2 of these Bylaws, remains covered by at least one insurance Program, and whose status as a Participant has not been terminated or suspended pursuant to these Bylaws.

1.17. **Policy of Insurance**. Policy of Insurance shall mean the coverage document or documents issued by an Insurer describing the terms and conditions of coverage in consideration for payment of a Premium.

1.18. **Premium**. Premium shall mean any sums paid or payable as consideration for coverage granted pursuant to a Policy of Insurance.

1.19. **Rules**. Rules shall mean any Rules adopted by the Trustees pursuant to authority granted in the Trust Agreement or Bylaws, as amended from time to time whether before or after the date of adoption of the Bylaws.

1.20. Service Company. Service Company shall mean any person or agency (other than CIS) designated to operate or provide a claims administration service, a loss prevention program or insurance accounting program or perform similar or other services.

1.21. Surplus. Surplus shall mean those monies remaining in a Loss Fund after the payment of the costs of Administration and excess insurance, payment of claims and establishment of prudent reserves for outstanding claims.

1.22. Trust. Trust shall mean the City County Insurance Services Administrative Trust ("CIS") and, as the context requires, all funds, property and assets of the Trust.

1.23. Trust Agreement. Trust Agreement shall mean the City County Insurance Services Agreement and Declaration of Administrative Trust entered into by AOC and the LOC effective October 2, 2000 and as amended from time to time.

1.24. Trustee. Trustee shall mean each person then serving as Trustee pursuant to the Trust Agreement, including ex officio Trustees unless specifically indicated otherwise.

1.25. Trustees or Board of Trustees. Trustees or Board of Trustees shall mean the Board of Trustees established by the Trust Agreement.

## **ARTICLE 2**

### **MEMBERSHIP AND PARTICIPATION**

#### **2.1. Eligibility to Become Member or Participant**

2.1.1. Entities eligible to become Members or Participants are:

2.1.1(a) Any Oregon city which is a member of the LOC.

2.1.1(b) Any Oregon county which is a member of the AOC.

2.1.1(c) Any other public body, as defined by ORS 30.260, (4) (b) and (c) which is created by a city or county under statutory or home rule authority or which provides services a city or county may provide within its own boundaries.

2.1.2. Any Oregon community college created under ORS Chapter 341 is eligible to become a Member.

#### **2.2. Such entities prior to becoming a Member or Participant must:**

2.2.1. Complete such written application as the Trustees shall determine for one or more Lines of Coverage or Insurance Programs offered by the Trustees;

2.2.2. Pass by its governing body such resolution or contract as the Trustees may prescribe;

2.2.3. Pay the Contributions or Premiums to the Trust determined pursuant to the provisions of the Bylaws and the Rules;

2.2.4. Meet all other criteria established and provide all information requested by the Trustees or an Insurer which Trustees deem necessary and prudent for the proper administration of the Trust, including but not limited to underwriting criteria; and

2.2.5. Receive written acceptance of Membership or Participation from the Trust.

2.3. AOC and LOC Membership. All Members and Participants eligible for membership in AOC or LOC shall maintain membership in the AOC or LOC. On failure to do so Members or Participants shall be notified that their membership or participation in the Trust shall be terminated if AOC or LOC membership is not renewed prior to the due date of the next Contribution to the Trust in the case of a Member, or policy expiration in the case of a Participant, which comes due thirty (30) days or more from the lapse in membership in the AOC or LOC. Such termination shall be effective as of the due date of such Member's next Contribution to the Trust or Participant's policy expiration. A Member or Participant not eligible to maintain full membership in AOC or LOC may satisfy the provisions of this section by maintaining any other membership status in AOC or LOC for which it is eligible.

2.4. Acceptance as Member or Participant by Trustees. As set forth in Section 2.2 of the Bylaws, an entity shall be accepted as a Member or Participant only upon the approval of the Trustees and any Insurer whose approval is required as a condition of providing insurance. The decision of the Trustees in this regard shall be final. Any such entity which has been refused the status as a Member or Participant in the Fund may again request such status after a period determined by the Trust.

2.5. Effective Time of Becoming a Member or Participant. The effective date upon which an entity may become a Member or Participant shall be determined by the Trustees and set forth in the Trustee's written notice of acceptance of membership or participation. Notwithstanding the foregoing, the date for commencement of membership or participation may be specified by such entity in its written request to become a Member or Participant, in which case such entity shall become a Member or Participant upon such date if approved by the Trustees.

2.6. Effect of Acceptance of Membership or Participation. Each entity, on becoming a Member or Participant, thereby agrees to be bound by the provisions and terms of the Trust Agreement, Bylaws, Rules, and other agreements pursuant thereto; applicable Coverage Agreements or Policies of Insurance; and any documents required by an Insurer, then in effect or that may be adopted from time to time by the Trustees.

2.7. Appeal from Denial of Membership or Participation. In the event an entity eligible to become a Member or Participant and which has made application therefore, has had membership or participation denied by the Executive Director or any Committee of the Board of Trustees, such entity may request the Board of Trustees to review such decision of denial. Such request for review shall be made within thirty (30) days of such denial by written notice to the Chairman of the Trust with a copy to the Executive Director. The Trustees shall meet at the time and place designated by the chairman. Procedural matters regarding the conduct of the hearing shall be the same as set forth in Section 2.10 hereof regarding membership and participation review and termination. No appeal shall lie from a denial of membership or participation as a result of any Insurer failing to give its required approval.

2.8. Term of Membership or Participation. Status as a Member or Participant will be continuous so long as the Member or Participant is making a Contribution or Premium payment for at least one Line of Coverage or Insurance Program unless terminated by the Member or the Trust pursuant to the provisions of the Bylaws.

2.9. Basis for Termination of a Line of Coverage or Insurance Program by the Trust; Notice; Time Limits. The provisions of this section apply to termination of coverage by action of the Trust.

2.9.1. Coverage for a Member or Participant may be terminated by the Trust for any of the following reasons:

2.9.1(a) Conduct that is determined by the Trustees in their sole discretion, pursuant to the procedures described in Section 2.10 of these Bylaws, to warrant suspension or termination;

2.9.1(b) Failure to pay any Contribution or Premium required by the Trustees when due and owing. Any Member failing to make a Contribution or Premium payment suspended from Membership or Participation by action of the Executive Director without further action by the Board of Trustees. The Member's coverage and benefits hereunder shall immediately cease on the effective date of such notice. If the Member shall subsequently submit its payment, the Executive Director may, in his discretion, reinstate such Membership.

2.9.1(c) Failure to comply with the Coverage Agreement, Trust Agreement, Bylaws, or Rules;

2.9.1(d) Failure to continue to meet the criteria required by any insurer or the Trust, including, without limitation, underwriting criteria;

2.9.1(e) Failure to comply in good faith with loss prevention programs instituted by the Trust, or non-cooperation with staff of the trust regarding loss prevention procedures including, without limitation, training programs.

2.9.2 Termination of Membership shall be evidenced and preceded by a sixty (60) day written notice to the Member from the Trustees except that ten (10) days notice shall be sufficient for non-payment of all or any part of a Contribution.

2.9.3 Time limits and notice provisions for termination of a Participant in an Insurance Program shall be set forth in the policy of insurance and applicable laws and regulations.

**2.10 Procedure and Review Process for Termination or Suspension of Membership or Participation by Action of the Trust.**

2.10.1 When in the determination of the Executive Director a Member has engaged in conduct requiring suspension or expulsion as provided in Article 2.9, other than nonpayment of Contributions or Premiums, that warrants review of that membership or participation status, the Executive Director shall file a written report with the Trustees. Said report shall contain a summary of the facts and the Executive Director recommendations regarding continued membership or participation status.

2.10.2 A copy of the Executive Director report shall be served by mail on the Member or Participant along with a notice of hearing of the Trustees. Such notice of hearing shall include the place, date and time of the hearing and a request for attendance at the hearing. At their discretion the Trustees may submit written questions to the Member or Participant, written answers to which must be mailed to the Executive Director no later than seven (7) calendar days prior to the date of the hearing. A Member or Participant objecting to the report and recommendations of the Executive Director shall have the right to submit a written statement to the Trustees setting out in detail the basis of the objection and any other information the Member or Participant desires to submit. Said statement must be mailed to the Executive Director no later than five (5) calendar days prior to the hearing. Such hearing shall be scheduled no less than ten (10) nor no more than twenty (20) days from the date of such notice of the Trustees; provided, however, that if the Trustees submit written questions to the Member or Participant, the date of such hearing shall be set or re-set so that such Member or Participant shall have at least fifteen (15) days from the mailing of such questions by or on behalf of the Trustees to prepare such written answers.

2.10.3 The Trustees shall meet at the time and place designated in the notice of hearing. The Member or Participant shall be entitled to be represented at the hearing and present an oral statement and other information.

2.10.4 Following the hearing, the Trustees shall affirm, modify, or reject the recommendation of the Executive Director. The Board shall have the authority to place a Member or Participant on probation, the terms and duration of which it

shall determine. A copy of the Trust's decision shall be served by mail on the Member or Participant.

2.10.5 The action of the Trustees shall be final and binding.

**2.11 Termination Mid-term by Member or Participant.**

2.11.1 A Member may withdraw from a Line of Coverage or Insurance Program prior to the end of the coverage period by delivering to the Trust a resolution adapted by the Members' governing body authorizing withdrawal. Such resolution shall be delivered to the Trust not less than 60 days prior to the effective date of withdrawal. A Member withdrawing shall have no claim on the reserves being maintained by the Trust for losses incurred by the withdrawing Member. The Trust shall continue the servicing of any covered claim after the withdrawal of a Member.

2.11.2 In the case of mid-term withdrawal a Member shall remain liable for any Contribution which has or will have accrued for any Fund Year prior to the effective date of such withdrawal. In the event a Member elects to withdraw from a Line of Coverage prior to the end of a coverage year, a standard insurance industry 'short rate' cancellation table shall be used to determine the amount of earned contribution to be retained by the Trust.

2.11.3 Participants may withdraw at any time upon 30 days written notice to CIS. Refund of any Premium will be determined in accordance with the terms of the insurance policy involved.

**2.12 Meetings of the Membership.** One or more meetings of the Members of the Trust shall be held annually at such time and place as determined by the Trustees. Members shall be notified of the time and place of each meeting by at least ten (10) days written notice. Such notice may be by first class mail and may be included as part of any Trust publication.

**ARTICLE 3**

**OBLIGATIONS OF MEMBERS AND PARTICIPANTS**

**3.1. Obligations of Members and Participants.** The obligations of Members and Participants of the Trust shall be as follows:

3.1.1. To appropriate all adequate available revenues, as permitted by applicable law, for and to pay promptly all Contributions and Premiums to the Trust at such times and in such amounts as shall be established by the Trustees within the scope of the Trust Agreement, Bylaws and Rules.

3.1.2. To allow the Trust and its agents reasonable access to all facilities of the Member or Participant and all records, including but not limited to financial records, which relate to the purposes or powers of the Trust.

3.1.3. To allow attorneys selected by the Trust or Service Company to represent the Member or Participant in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Member or Participant within the scope of coverage furnished by the Trust.

3.1.4. To furnish full cooperation with the claims adjusters, the Service Company and any agent, employee, officer or independent contractor of the Trust relating to the purposes and powers of the Trust.

3.1.5. To follow loss reduction and prevention procedures established by the Trust within the purposes and powers of the Trust.

3.1.6. To furnish to the Trust any budget and audit information of revenues and expenditures of the Member or Participant for any fiscal year for which figures are requested by the Trust.

3.1.7. To report as promptly as possible all incidents which could result in the Trust being required to consider a claim within the scope of coverage undertaken by the Trust.

3.1.8. All information gathered or received by the Trust pursuant to any provision of these Bylaws shall be utilized by the Executive Director only in connection with the operation of and to further the purposes of the Trust and shall not otherwise be distributed, disseminated or communicated to any person unless authorized by the Board of Trustees or required by law.

3.2. Optional Defense by Member. The Trustees shall promulgate Rule(s) to permit Members a reasonable opportunity in casualty cases or claims to participate in their own defense or to prevent the settlement of such cases or claims by the Trust in a manner contrary to the wishes of the Member.

The Rule(s) shall provide that in the event that a Member exercises its privilege to prevent the settlement of a case or claim, the Member shall be responsible for any additional cost, including but not limited to legal and investigation expense and subsequent judgment or settlement, above the costs which would have been incurred had the Member not elected to prevent a settlement pursuant this section:

3.3. Contractual Obligation. The provisions of Articles 2 and 3 of these Bylaws shall constitute a contract between each Member and Participant and the CIS Trust. The agreement of a Member or Participant thereto shall be evidenced by a properly signed application for Membership or Participation and a signed copy of the membership resolution or contract adopted by its governing body. Nothing herein contained shall be deemed to create any relationship of surety, indemnification guarantee or responsibility between Members or Participants for the debts of or claims against any other Member

or Participant or on the part of any Member or Participant with respect to CIS or the Trust.

## **ARTICLE 4**

### **MEETINGS**

4.1. Regular Meetings. The Board of Trustees may provide, by resolution, the time and place, for the holding of regular meetings without other notice than such resolution.

4.2. Special Meeting. Special Meetings of the Board of Trustees may be called by the Chairman or any four (4) Trustees. The person or persons authorized to call any such Special Meeting may fix the time and any place, within the State of Oregon, for the holding of any such Special Meeting of the Board of Trustees called by him or them. Any such meeting may be called upon at least five (5) days written notice delivered personally or mailed to each such Trustee at his or her business address or residential address, or by facsimile. Such notice shall specify the date, time, place and purposes thereof.

4.3. Attendance at Meeting. The attendance of a Trustee at any meeting of the Board of Trustees shall constitute a waiver of notice of such meeting, except where a Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

4.4. Action by Trustees Without a Meeting. Any action, other than an appeal or hearing pursuant to sections 2.7 or 2.10), which may be taken at a meeting of the Trustees may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by all of the Trustees then serving.

## **ARTICLE 5**

### **OFFICERS OF THE BOARD OF TRUSTEES**

5.1. The Trustees shall annually elect from themselves, as provided by the Trust Agreement, a Chairman and a Vice-Chairman, for a term from July 1 of the year in which elected to June 30 of the following year. The Chairman shall preside at all meetings of the Trustees. The Vice-Chairman shall preside at all meetings in the absence of the Chairman. In the absence of both the Chairman and the Vice-Chairman the Trustees constituting a quorum may elect a Chairman pro-tem for purposes of conducting a meeting and transacting Trust business. The Trustees shall also elect a Secretary who may or may not also be a Trustee. The Secretary shall cause the records of the proceedings of the meetings of the Trustees to be kept and maintained. All such officers of the Board of Trustees who are also Trustees may vote on any issue or matter properly before the Board of Trustees.



## **ARTICLE 6**

### **COMPENSATION OF TRUSTEES**

6.1. The Trustees may reimburse themselves for reasonable expenses properly and actually incurred in the course of acting as Trustees. To the extent that such Trustee is reimbursed by a Member or other entity for expenses as Trustee, such Trustee shall not be so reimbursed, but such reimbursement may be paid to the Member or other entity, as the case may be, with respect to which such Trustee is an Official.

## **ARTICLE 7**

### **COMMITTEES**

7.1. Investment Committee. The Trustees may establish an Investment Committee. In selecting committee members the Board shall consider investment expertise and personal and professional qualifications and shall make appointments for such terms as it may deem desirable.

7.2. Underwriting Committee. The Trustees may establish an Underwriting Committee. The duties of the Underwriting Committee shall be determined by the Trustees but may include recommendations regarding development of underwriting standards and rating procedures, and review of applications for membership or participation.

7.3. Loss Prevention Committee. The Board of Trustees may establish a Loss Prevention Committee. The duties of the Loss Prevention Committee shall be determined by the Trustees, but may include arranging for and evaluating the regular conduct of loss control services, production of recommendations to prevent losses, maintenance of a loss control manual and the conduct of seminars regarding loss control.

7.4. Advisory Committees. The Board of Trustees may, in its sole, absolute discretion appoint advisory committees to the Board of Trustees or any Committee of the Board comprised of individuals who are not Trustees but whose expertise, experience or knowledge may be helpful to the Trustees in the performance of their duties. The Board of Trustees may provide for such compensation to such members of any advisory committee as it shall in its sole discretion determine.

## **ARTICLE 8**

### **ADMINISTRATION**

**8.1. Appointment of an Executive Director.** The Trustees shall appoint an Executive Director to manage the daily affairs of the Trust. The Executive Director shall serve under such terms and conditions as the Trustees shall prescribe. Such Executive Director shall not be an owner, officer or employee of any Service Company.

The duties of the Executive Director shall include, without limitation, carrying out of policies established by the Board, locating and recommending various contractors, supervising and reporting on contractor's performance, the provision of financial and accounting reports and the maintenance of excess reinsurance or other insurance. In addition, the Executive Director shall:

8.1.1. Pay claims to or on behalf of the Members in accordance with purposes of the Trust Agreement, Bylaws, Rules and coverage documents.

8.1.2. Create a reserve for the payment of claims.

8.1.3. Pay or provide for the payment on behalf of Members and Participants hereunder all Premiums as they become due to an Insurer on any policy of insurance.

8.1.4. Cause to be maintained accounts of all investments, receipts, disbursements and all other transactions affecting funds or property of the Trust.

8.1.5. Engage an independent certified public accountant to perform a financial audit of the Trust at least once per Fund Year and to report regarding such audit to the Members at the meetings of the Members.

8.1.6. Engage an independent and qualified actuary to perform actuarial calculations and provide advice regarding the sufficiency of the Loss Funds as frequently as is required for prudent management.

8.1.7. Maintain minutes of all meetings of the Trustees and Members and cause copies thereof to be distributed in a timely manner to all Trustees.

8.1.8. Publish such claim reports, financial statements and actuarial projections as necessary to advise Members of the current and projected financial status of the Trust.

8.1.9. Pay all taxes and assessments that may be levied or assessed under existing or future laws upon, or in respect of, the Trust or its income.

8.1.10. Cause the terms and provisions of the Trust Agreement, the Bylaws and the Rules to be performed and carried out and the assets of the Trust to be properly held and administered.

8.1.11. Pay or provide for the payment of all reasonable and necessary expenses of administering the Trust and all charges reasonably incurred by the

Trustees in protecting the funds and property of the Trust and in carrying out the purposes of the Trust.

8.2. Bonds and Insurance. Any Executive Director, employee or agent shall be required to be bonded or insured in a form and amount set by the Trustees. The cost of such bonds or insurance shall be paid as an expense of the Trust.

8.3. Service Company. If services are not otherwise provided by the Trust, the Board shall obtain the services of a Service Company for the purpose of servicing claims. The Service Company shall adhere to guidelines for the performance of its duties as set forth by the Trustees.

## ARTICLE 9

### AMENDMENTS

9.1. Method of Amendment. The Bylaws may be amended at any time by a written instrument approved by the Trustees then serving, a copy of which shall be furnished to each Trustee.

9.2. Limitation on Amendments. No amendment shall be adopted which alters the basic purpose of the Trust, conflicts with the Trust Agreement or with any applicable law or government regulation, causes the use or diversion of any part of the Trust for purposes other than those authorized by the Trust Agreement, or retroactively deprives any person of a vested right or interest.

## ARTICLE 10

### GENERAL PROVISIONS

10.1. Title to Trust Assets. Title to the funds and property of the Trust, including without limitation Loss Funds, shall be vested in and remain exclusively in the Trustees and no Member shall have any right, title or interest in the Loss Funds nor any right to Contributions made or to be made thereto, nor any claim against any Member on account thereof, except only as provided from time to time by the Bylaws.

10.2. Nonalienation of Benefits. The funds and property of the Trust, including without limitation Loss Funds, shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge by any person other than the Trustees and their duly authorized representative to the extent and for the purposes as herein specifically provided.

10.3. Examination of Books and Records by the Trust. The Trust, its agents, employee or attorneys shall be permitted at all reasonable times prior to the expiration of two (2) years after the termination of a Member's participation in the Trust to examine the Member's books, vouchers, contracts, documents and records of any and every kind which show or tend to show or verify the amount which is payable from the Fund to such Member or any of its Employee.

10.4. Examination of Books and Records by Members. Any member, or their designated representative, shall be permitted to examine the Trust's books, contracts, documents and records. However, such examination shall not extend to matters relating to other Members, or to matters or records that would be treated as exempt by a public body pursuant to ORS 192.501 or ORS 192.502.

Such examination shall be limited to such times and places as is reasonable. The cost of copying, transcribing or abstracting records shall be borne by the Member.

10.5. Right to Obtain Adjudication of Disputes. In the event any question or dispute shall arise as to the property or person or persons to whom any payment shall be made from the Fund, the Trustees may withhold such payment until an adjudication of such question or dispute satisfactory to the Trustees in their sole absolute discretion shall have been made, or the Trust shall have been adequately indemnified against loss.

10.6. Notice of Delivery of Documents. Any notice required to be given hereunder, except as otherwise provided, shall be in writing and by certified mail, return receipt requested and shall be deemed to have been given as of the date of posting to whomever may properly receive legal service of process for the addressee of such notice. Any notice actually received shall be deemed properly given whether or not pursuant to the provisions of the Bylaws.

10.7. Gender, Number and Captions. Wherever any words are used herein in the masculine gender, they shall be construed as though they were also used in the feminine or neuter gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply. Titles of articles and headings of sections and subsections are inserted for convenience of reference only and are not to be considered in the construction hereof.

10.8. Construction. This Agreement is created and shall be construed in accordance with the laws of the State of Oregon. All questions pertaining to its validity or construction not otherwise preempted shall be determined in accordance with the laws of the State of Oregon. If any provision contained in the Bylaws or Rules should be held invalid, unenforceable or unconstitutional the remainder of the provisions not subject to such adjudication shall not be affected and shall continue in full force and effect. If any provision contained in the Bylaws or Rules should be held invalid, unenforceable or unconstitutional as to any Member or Participant, the provisions of the Bylaws and Rules shall continue in full force and effect as to any or all other Members and Participants.

Date of Adoption:

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Chairman, CIS Board of Trustees

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Date