



SISC III HEALTH BENEFITS PROGRAM BYLAWS

Self-Insured Schools of California
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Revised and Approved 1/24/17

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SELF-INSURED SCHOOLS OF CALIFORNIA (SISC III)

HEALTH BENEFITS PROGRAM BYLAWS

Article I - Name

The name of this organization is the Self-Insured Schools of California, (SISC III), Medical, Dental and Vision program (hereafter, the "Agency" or "SISC III"), located in the city of Bakersfield. Wherever the term "Agency" is used in these bylaws, it shall be used inter-changeably with the terms "SISC III" or "Authority" as such terms may be used in that Joint Powers Agreement establishing the SISC (Self-Insured Schools of California) Medical, Dental and Vision program.

Article II - Purposes

The purpose of this Agency shall be to:

1. Administer the Joint Powers Agreement pursuant to the provisions of the California Government Code, Title I, Division 7, Chapter 5, Article 1, Sections 6500 ff;
2. Provide services necessary and appropriate for the establishment, operation and maintenance of a self-funded program for Medical, Dental and Vision insurance claims by employees and eligible dependents of member public educational agencies;
3. Provide a forum for discussion, study, development and implementation of recommendations of mutual interest regarding self-insurance for Medical, Dental and Vision protection;
4. Provide a forum for discussion, study, development and implementation of other self-funded programs for different kinds of risk management.

Article III - Powers

This Agency shall have the power to:

1. Exercise any power common to the public educational agencies which are parties to this Joint Powers Agreement, provided that such powers are exercised in the furtherance of the purposes and functions of this Agency, and in a manner expressly provided in law;
2. Provide member agencies with a plan and system of self-funding for Medical, Dental and Vision losses;
3. Provide member agencies with protection within the scope of the law;
4. Pursue subrogation or third party liability when such subrogation rights or third party claims shall result to the benefit of the self-insured program and parties;

5. Establish and maintain a fund to pay self-insured losses;
6. Study, investigate and develop self-funded programs for different kinds of risk;
7. Contract with third party administrators and/or administrative agent to administer the day-to-day operations of the program;
8. Acquire, hold and dispose of property, real and personal, all for the purpose of providing the membership with the necessary education, study, development and implementation of a self-funded insurance program or programs;
9. Perform such other functions as may be necessary or appropriate to carry out the purposes and programs of this system.

Article IV - Agency Membership

1. Membership to this Agency shall be open to public schools, colleges or education agencies that are located in the State of California subject to the following conditions:
 - a. Submission of a formal letter authorized by the applicant's governing board or, in the case of a county office of education, county superintendent of schools, requesting membership;
 - b. Review of applicant district's loss history and other past appropriate insurance experience, by SISC III;
 - c. Approval of applicant's request to join SISC III by Agency;
 - d. Following the above approval, the Agency will receive an executed copy of the Joint Powers Agreement together with a resolution formally adopted by the applicant's board of trustees or appropriate governing authority;
 - e. Upon approval by the Agency, membership and the effective date shall be determined by the Agency.
2. Upon admission to full membership in the SISC III program, each member agency shall become eligible to be represented on the Board of Directors according to the procedures outlined in Article V.

Article V - Governing Board

1. Board of Directors

The Agency shall be under the direction and control, and shall be governed by a Board of Directors which shall hereafter be referred to as the "Board". No one serving on the Board shall receive any salary or compensation from the System. The Board shall consist of not less than fifteen (15) members elected as follows: The governing authority of each educational agency which is a party to this agreement may nominate a representative for membership on the SISC III Board. Nominees shall be categorized and grouped for election according to the following:

- a. One (1) member and an alternate to be selected from nominees from Kern member agencies with an average daily attendance of less than 1,251 as reported in official reports of the County Superintendent of Schools of Kern County for the immediately preceding fiscal year;
- b. Two (2) members and an alternate to be selected from nominees from Kern member agencies with an average daily attendance from 1,251 to 2,951 as reported in official reports of the County Superintendent of Schools of Kern County for the immediately preceding fiscal year;
- c. Two (2) members and an alternate to be selected from nominees from Kern member agencies with an average daily attendance from 2,951 to 17,001 as reported in official reports of the County Superintendent of Schools of Kern County for the immediately preceding fiscal year;
- d. Two (2) members and an alternate to be selected from nominees from Kern member agencies with an average daily attendance in excess of 17,000 as reported in official reports of Kern County Superintendent of Schools for the immediately preceding fiscal year;
- e. One (1) member and an alternate to be selected by San Luis Obispo County schools to represent San Luis Obispo member agencies;
- f. One (1) member and an alternate to be designated by the Chancellor of the Kern Community College District;
- g. One (1) member and an alternate to be designated by the County Superintendent of Schools of Kern County;
- h. One (1) member and an alternate to be selected by the Santa Barbara County schools to represent Santa Barbara member agencies;
- i. One (1) member and an alternate to be selected by the Kings, Fresno, Madera, , Tulare, Inyo and Mono school districts to represent member agencies in that territory;
- j. One (1) member and an alternate to be selected by member agencies lying to the north of the counties in categories a through i, above;
- k. Two (2) members and an alternate to be selected by member agencies in counties lying to the south of the counties in categories a through i, above;
- l. Such additional members as may be added by the Board of Directors by a two-thirds vote of the total membership of the Board;
- m. No district in any category shall have more than one representative at any one time.

2. Election of Board of Directors Members

At least 60 days before a term expires, or whenever a seat on the Board is vacant because neither the elected member nor the alternate is eligible and able to serve, SISC shall notify all member agencies in the represented category that nominations will be received for a period of twenty-one (21) days following the date of notice. SISC will then prepare and send to member agencies in the affected

category a ballot for election. Elections will be determined by the highest number of votes received in each category. The person receiving the next highest number of votes after those elected shall be the alternate. The person or persons elected to fill an expired term will serve for three years beginning July 1 following the election. Any person elected to fill an unexpired term will serve for the remainder of that unexpired term.

- a. The Board shall thus be comprised of a minimum of fourteen (14) elected members plus a member designated by the County Superintendent of Schools of Kern County. Alternate shall be eligible to assume membership on the Board in the event of a vacancy occurring in the respective category to complete the unexpired term of the regular member.
- b. The Board shall have as its chairman the Kern County Superintendent of Schools or his designee unless another chairman is elected by a majority vote of the total membership of the Board.
- c. Following the initial election, membership on the Board shall be for three (3) years from the confirmation of election or until a successor assumes membership on the Board. A member can succeed himself or herself if duly elected as provided for above. Membership shall cease for any of the reasons stated below:
 - (1) Verbal request to be released from Board membership to the Board Chairman with one other Board member present;
 - (2) Written request to be released from Board membership to the Board Chairman;
 - (3) Failing to attend, or see that the alternate attends, the regular monthly Board meeting for three consecutive months;
 - (4) If the district represented by the Board member ceases to be a member of the Agency.
- d. Each member shall have one (1) vote. No proxy or absentee votes shall be permitted. A vote of the majority of a quorum present at a meeting shall be sufficient to constitute action except actions concerning adoption or amendment of Bylaws and additional membership to the Board of Directors, which shall require a two-thirds vote of the total Board membership.

3. Board Member Terms Following 2014 Reorganization of Board Membership

In order to provide for an orderly transition to, and implementation of, changes in the provisions in these bylaws relating to Board membership authorized in 2014, and to allow for the expiration of terms to occur on an orderly basis over a three year period, the Board establishes the following ending dates for its members:

- a. The term of the member representing category j in Section 1 of this Article shall expire on June 30, 2015.
- b. The term of the member representing category k in Section 1 of this Article who receives the second most votes in that category shall expire on June 30, 2016 and the term of the member who receives the most votes in that category shall expire on June 30, 2017.

- c. If there is a tie in the election for members from category k, the Board shall determine term expiration dates by lot.
- d. The terms of the following members serving at the time the 2014 reorganization is approved shall expire on these dates:

From category a, on June 30, 2015;

From category b, the member with the longer service on June 30, 2016 and the remaining member on June 30, 2017;

From category c, the member with the longer service on June 30, 2016 and the remaining member on June 30, 2017;

From category d, the member with the longer service on June 30, 2016 and the remaining member on June 30, 2017;

From category e, on June 30, 2015;

From category h, on June 30, 2015;

From category i, on June 30, 2015.

The terms of members from categories f and g shall be continuing at the pleasure of their appointing authorities.

- e. In the event that members in multiple-member categories have equal lengths of service, expiration of terms shall be determined by the Board by lot.

Article VI - Duties of the Board of Directors

The Board shall have the authority to exercise the powers of the Agency as set forth in Article III. In addition, the Board is specifically empowered to:

1. Establish bylaws, rules and regulations, not inconsistent with applicable law or with the SISC III Joint Powers Agreement, as may be necessary for the operation, the conduct of its business and the operation of the Agency;
2. Provide for the management and administration of the Agency in a manner that is in the best interests of the Agency. This power shall include the power to employ and terminate a management firm for such purposes;
3. Determine annual premium or contribution rates and the method by which such contributions will be paid to the fund created pursuant to the Agency's purpose;
4. Provide for additional assessments during the year, if necessary, to allow for increased cost due to changes in the law or excessive claims costs;

5. Determine whether and by what method new members shall be allowed into the program consistent with the terms of Article IV of these bylaws;
6. Appoint and dissolve working committees from its active membership or by contracting for such services, consistent with the terms and purposes of the Agency;
7. Insure that a complete and accurate system of accounting of all funds is maintained at all times as set forth in Article IX;
8. Determine the manner in which Medical, Dental and Vision claims shall be processed, and such processing shall be in conformity with all provisions of the law presently in effect or to be hereafter enacted;
9. Elect a vice president (vice chairman), a secretary and a treasurer to serve as officers of the Board as provided in Article VII, section 1(c);
10. Maintain or cause to be maintained accurate case records for all risks insured against and accurate records of all claims paid. Loss reports shall be forwarded to member districts on at least an annual basis. The Board shall also provide for loss control services;
11. Enter into contracts consistent with the terms of the Joint Powers Agreement, including, but not limited to, the following:
 - a. Receive, accept, expend and disburse funds for purposes consistent with the terms of the Agency's Joint Powers Agreement;
 - b. Retain the services of consultants with specialized expertise in areas deemed appropriate by the Board.
12. Make appropriate periodic reports to the membership on the status of the Agency and its program;
13. Develop or cause to be developed, and adopt an annual budget for the Agency;
14. Perform any and all other functions necessary to accomplish the purposes of the Agency.

Article VII - Officers, Their Election and Duties

1. Officers
 - a. The officers of this Agency shall be a president (chairman), vice president (vice chairman), secretary and treasurer.
 - b. The Board shall have as its president (chairman) the Kern County Superintendent of Schools or designee unless another president is elected by a majority vote of the total membership of the Board.

- c. The Board shall, at a regular July meeting every third year, elect from its membership a vice president, a secretary and a treasurer to serve as officers of the Board for a term of three (3) years. In the event of a vacancy, the Board shall fill vacancies for the unexpired term by election at any regular or specially called meeting.
- d. In addition to their duties specified above, the officers shall constitute an Executive Committee with the power to receive and approve or disapprove the membership application of any new Agency. The Committee members shall be contacted by email and may respond by email. The results of the Committee's action shall be reported to the Board as an information item at the Board's next regular meeting. If the Committee denies a membership application, the applicant may appeal to the Board which will make a decision at its next regular meeting.

2. Duties

- a. The president or designee shall:
 - (1) Coordinate the work of officers and committees of the Agency in order that the Agency's purposes may be promoted;
 - (2) Preside at all meetings of the Agency and the Board;
 - (3) Be a member ex-officio of all committees;
 - (4) Appoint such ad hoc committees as may be desirable subject to the approval of the Board;
 - (5) Be an approved joint-signatory on warrant orders drawn against the funds of the Agency;
 - (6) Be responsible for preparing any annual reports required by law or the Agency's Board;
 - (7) Be responsible for preparing, or causing to be prepared, meeting schedules, notices and agendas;
 - (8) Be the official representative of the agency at SISC III-sponsored meetings unless otherwise designated;
 - (9) Perform such other duties as may be prescribed in these bylaws or assigned to him/her by the Agency;
 - (10) Be bonded in an amount determined by the Board.
- b. The vice president or designee shall:
 - (1) Assist the president in the performance of his or her duties;
 - (2) Perform the duties of the president in the absence or disability of that officer to act;
 - (3) Perform such duties as may be prescribed in these bylaws or assigned by the Agency;

- (4) Be an authorized joint-signatory on warrant orders drawn upon the Agency funds;
- (5) Be bonded in an amount determined by the Board.

c. The secretary or designee shall:

- (1) Keep or cause to be kept, accurate records of the proceedings of all meetings of the Agency and the Board;
- (2) Make such records of the proceedings available to the Board members for their approval at each meeting;
- (3) Keep member districts and agencies informed of meetings proceedings and activities of the Agency;
- (4) Prepare a list of unfinished business for use by the president in the preparation of the agenda;
- (5) Keep or cause to be kept, a record of member districts statistics pertinent to the operation of the Agency;
- (6) Conduct all necessary correspondence of the Agency;
- (7) Prepare such notices and reports as may be requested by the Agency;
- (8) Be the approved signatory on all legal or formal documents of the Agency;
- (9) Be bonded in an amount determined by the Board.

d. The treasurer or designee shall:

- (1) Keep or cause to be kept, such permanent books or accounts and records as shall be sufficient to establish the items of gross income, receipts and disbursements of the Agency; including specifically, the status of member districts' premium participation, the monies paid out in claims settlement, costs for insurance coverages, the costs for administration of claims, earned credits or dividends, earned interest and the current financial status of the Agency;
- (2) Pay all bills as authorized by the Board;
- (3) Establish or cause to be established, such funds as may be necessary for the safekeeping an accounting of the Agency's monies;
- (4) Prepare, or cause to be prepared, periodic reports of the financial status of the Agency;
- (5) Keep the Board informed of investment advantages for reserve funds so as to achieve optimum interest earnings;
- (6) Be responsible to have a formal independent audit of all financial transactions of the Agency at least once each year;

(7) Be authorized as a joint-signatory on warrant orders drawn upon all Agency funds;

(8) Be bonded in an amount determined by the Board.

Article VIII - Meetings

1. The Board shall meet regularly not less than once each month. The meeting scheduled for November of each year shall be held only if there is urgent business that cannot be deferred until a later meeting.
2. The Board shall at its June meeting approve the date, time and place for its regular meetings. All member districts and agencies shall be properly notified of the meeting schedule.
3. Special meetings may be called as necessary, provided twenty-four (24) hours advance notice is given.
4. All meetings of the Board shall be called, noticed, held and conducted in accordance with the provisions of the Brown Act (commencing with section 54950) of the California Government Code.
5. A majority of the total membership of the Board shall constitute a quorum for the transaction of the business.
6. A majority vote of a duly constituted quorum shall be authorized to transact business.
7. An agenda of items to be discussed shall be prepared for all meetings and shall be made available to all members of the Board at least three (3) working days prior to regularly scheduled meetings.
8. Minutes shall be kept of proceedings of all meetings held by the Board.
9. Items may be placed on the agenda provided a written request is received at least five (5) working days prior to the regularly scheduled meeting.
10. As per Brown Act requirements, persons desiring to make a personal appearance before the Board to discuss an item within the Board's jurisdiction are requested to make such request at least two (2) weeks (ten [10] working days) prior to the meeting date. Such discussion will be limited to a maximum of ten (10) minutes unless otherwise provided for by the Board.

Article IX - Finance

1. The Agency is strictly accountable for all funds received and dispersed by it and, to that end; the Agency shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of law or any resolution of the Agency. Books and records of the Agency shall be open to inspection at all reasonable times by representatives of the parties to this agreement. The Board, as soon as practical after the close of each fiscal year, shall make available upon request a complete written report of all financial activities for such fiscal year to each of the parties.

2. Each member shall pay to the Agency each fiscal year the annual per contract premium calculated pursuant to subparagraphs (a) and (b) of this paragraph. Payments shall be made as determined by the Agency. The Agency is authorized to transfer from each Kern County member agency's general fund any required premiums as specified in these bylaws. The Board shall inform members of the projected premiums for the following fiscal year no later than May 1 of each year.

a. The member contribution for the initial year of membership shall be determined by SISC III, based on a review and analysis of various risk factors, including but not limited to claims history, loss experience, etc.

b. In subsequent years, the annual funding rates shall be established by the SISC III Board of Directors. The yearly funding rates are based on various factors that shall include, but are not be limited to:

- (1) Increased costs for medical services (trend)
- (2) Experience Rating
- (3) Cost of Stop Loss or Reinsurance
- (4) Desired level of Stop Loss or Self-Insured Retention
- (5) Desired level of reserves

c. Handling Funds

The Agency shall have the power and duty to handle all aspects of Medical, Dental and Vision claims against members arising out of acts occurring during membership.

d. Contributions

Without in any way limiting the powers otherwise provided for in statute, the Agency shall have the power and authority to receive, accept and utilize the services of personnel offered by any members or their representatives or agents; to receive, accept and utilize property, real or personal, from any member or its agents or representatives; to receive, hold, dispose of, to construct, operate and maintain buildings and other improvements, and to receive, accept, expend and disburse funds by contract or otherwise, for purposes consistent with the provisions of the Agency, which funds may be provided by any members or their agents or representatives.

e. Additional Income

The agency shall accept and deposit in the Agency's fund monies from any of the following sources:

- (1) Interest and other investment income;
- (2) Refund of excess Medical, Dental and Vision insurance payments;
- (3) Any Medical subrogation recoveries;
- (4) Other sources of income such as performance guarantees, rebates, subsidies, administrative fees, access fees or settlements.

f. Disposition of Property and Funds

In the event of the dissolution, complete rescission or other final termination of this agreement by all agencies then a party hereto, any vested interest remaining in the agency following a discharge of all obligations, shall be returned to the current members, a pro rata share based on the premium paid by such members.

Article X - Funds

1. Operating Fund

This fund shall be established and maintained out of the member contributions, and shall be for the purpose of paying for the following:

- a. Insurance premiums
- b. Claims management expenses
- c. Salaries and benefits of Agency staff
- d. Building and equipment costs
- e. Technology expenses
- f. Investigative costs
- g. Legal costs
- h. Miscellaneous

2. Claims Trust Fund

The Board may establish a trust fund into which may be deposited a sum necessary for the settlement of claims for a thirty (30) day period. A service company or management firm contracted to administer the self-funded program may be authorized to issue checks drawn on such account in payment of such claims. A monthly accounting and bank reconciliation of all checks drawn on such account shall be obtained by the Agency treasurer or his designee from such service company.

3. Investment of Reserves

The Agency shall have the power to invest or cause to be invested in compliance with Sections 6509.5 and 6505.5 of the California Government Code, such reserves as are not necessary for the immediate operation of the Claims Fund in such securities as allowed by Section 53601 of the California Government Code.

The level of cash to be retained in the Operating and Claims Trust Funds shall be determined by the Agency.

- 4. The Agency shall have power to seek and recover subrogation or third party liability monies wherever possible. Such monies shall be deposited in the operating fund.
- 5. The Agency shall be authorized to conduct or cause to be conducted any necessary verification or

audits.

Article XI – Fiscal Year

The fiscal year of the Agency shall begin October 1 and end September 30.

Article XII – Bylaws

1. These bylaws shall be deemed the articles by which this Agency is governed.
2. These bylaws shall not be inconsistent with the provisions of the Joint Powers Agreement of the Medical, Dental and Vision program.
3. The adoption and amendments of these bylaws shall be made by not less than a two-thirds vote of the entire membership of the Board.
4. All amendments, changes or deletions to the bylaws must be proposed and read at one previous meeting of the Board prior to adoption.