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**BYLAWS**  
**OF**  
**BETA HEALTHCARE GROUP RISK MANAGEMENT AUTHORITY**

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PREAMBLE

These Bylaws govern the day-to-day operations of the BETA Healthcare Group Risk Management Authority (“BHG”) and are binding upon the signatories of the Joint Powers Agreement establishing the BETA Healthcare Group Risk Management Authority, entered into for the purpose of providing the services, funds and personnel necessary and appropriate to establish, operate and maintain programs of, but not limited to group self-insurance and group insurance purchasing for payment of claims against signatories to the said Agreement related to professional liability and other coverages.

ARTICLE I  
AUTHORITY

**Section 1. BHG.** BHG, acting by and through the BETA Council, shall have the authority necessary to carry out all functions of the group self-insurance program and other programs, including, but not limited to, making and entering into contracts, employing agents and staff, acquiring, holding and disposing of real and personal property, and insuring and reinsuring and/or financing exposures, debts, liabilities or obligations necessary for the establishment and maintenance of the group self-insurance program, and other programs.

**Section 2. Definitions.** The definitions contained in the Agreement shall be applicable in these Bylaws.

**Section 3. Members’ Meetings.** There shall be an annual meeting of members for the purpose of electing members of the BETA Council and to transact any other BHG business. The annual meeting, and any additional meetings, shall be held at the call of the Chair. Twenty percent of the members may also call a meeting of members.

**Section 4. Quorum.** A majority of the members shall constitute a quorum for transaction of business at any member meeting.

ARTICLE II  
BETA COUNCIL

**Section 1. BETA Council Membership and Qualifications.** The BETA Council shall consist of no less than 15 and no more than 18 persons. Not less than 14 nor more than 16 shall be elected members, of whom seven shall be elective directors of public agencies, and seven shall be administrators of members. Up to three representatives of nonprofit corporations shall be eligible to participate under Government Code §6527. Seats that have been authorized but are not filled, shall not count toward a quorum. No more than one person representing any member shall be

elected to serve on the BETA Council; in the event that more than one person representing a member is nominated, only the person receiving the most votes shall be elected. Not more than two persons serving on the governing board of the Association of California Hospital Districts shall serve in an elective position on the BETA Council; only the two persons receiving the most votes shall be elected. An additional voting member of the BETA Council and of any committees to which he or she is appointed may be a Director Emeritus selected by a majority vote of the BETA Council from among the past Chairs of the group self-insurance program. One non-elective member shall be the Chief Executive Officer of BHG. Such non-voting members shall serve on an ex-officio basis, and shall not be counted toward a quorum.

The election of voting BETA Council members shall be by written ballot, that may be cast at a meeting of members or received by the Administrator 24 hours prior to the date of the election. Each member shall have one vote.

**Section 2. Term of Office.** Each elective member of the BETA Council shall serve four years and until a successor is elected. The terms of office shall be staggered so that at least three members are elected each year. A member may serve successive terms.

**Section 3. Vacancies.** Any BETA Council member representing a member which ceases to be a member, or any BETA Council member whose term of office as a director of a member terminates, or any BETA Council member who ceases to be an administrator of a member, shall automatically cease to be a member of the BETA Council, and that person's position for the unexpired term shall be filled by the BETA Council at its next regular or special meeting.

**Section 4. Committees.** There shall be five standing committees made up of BETA Council members, as follows:

- A. Executive Committee.
- B. Underwriting Committee.
- C. Claims Committee.
- D. Finance Committee.
- E. Risk Management Committee.

The Council may constitute such other ad hoc committees from its membership as may prove necessary, except that the Chair may, at any time, appoint an ad hoc committee to assist the Council in filling a vacancy on the BETA Council. Such committees shall automatically be dissolved upon completion of their assignments. Unless otherwise provided, the Chair shall serve as an ex-officio, non-voting member of each committee.

Each voting member of a committee shall have one vote.

**Section 5. Executive Committee.** The Executive Committee shall consist of the Chair, Vice Chair, Secretary, Treasurer-Auditor, and Chairs of the Underwriting and Claims Committees. The Director Emeritus, if appointed to the committee, shall be a voting member.

The Executive Committee shall have and may exercise the powers and authority of the BETA Council in the management of the business and affairs of BHG and the group self-insurance program in those situations in which full participation of the BETA Council is not required or is not feasible. Such situations may include, but are not necessarily limited to, review of claims for settlement, review of actuarial data for the determination of costs, and review of investments. Any decisions made by the Executive Committee shall be subject to ratification by the full BETA Council at its next meeting.

**Section 6. Underwriting Committee.** The Underwriting Committee shall consist of at least five members of the Council appointed by the Chair. The Administrator may designate one person, who shall be an ex-officio non-voting member.

The Underwriting Committee shall be responsible for development, monitoring and amendment of underwriting guidelines and program marketing and development activities, including member recruitment and retention.

**Section 7. Claims Committee.** The Claims Committee shall consist of at least five members of the Council appointed by the Chair. The Administrator may designate one person who shall be an ex-officio non-voting member of the Committee.

The Claims Committee shall be charged with the responsibility for the supervision of the claims operations and shall review and evaluate losses incurred by members.

**Section 8. Finance Committee.** The Finance Committee shall consist of at least five members of the Council appointed by the Chair.

The Finance Committee shall have oversight responsibility for the group self-insurance program's financial resources, investment policy and the selection of one or more investment managers and financial consultants. The Committee shall review and recommend approval of the audited financial statements, the business plan, the annual budget, including significant budget exceptions, investment managers, investment policy changes, and investments with maturities in excess of five years. The Committee shall monitor operating results through a quarterly review of the group self-insurance program's financial statements and investment reports.

The Committee shall also make a recommendation regarding selection of external auditors, shall confirm the scope of the audit engagements to be performed by such auditors, and shall review audit results and internal control issues before presentation to the BETA Council.

**Section 9. Risk Management Committee.** The Risk Management Committee shall consist of at least five members of the Council appointed by the Chair.

The Risk Management Committee shall be responsible for assessing the risk management and quality assurance needs of the group self-insurance program members and developing and implementing programs and services to reduce and control risk, enhance quality assurance efforts and monitor results.

**Section 10. Administrator.** A representative of the Administrator shall attend all committee meetings, unless otherwise directed by the BETA Council, and shall attend as an advisor only.

**Section 11. BETA Council Meetings.** There shall be a minimum of four regular meetings of the BETA Council each year. Such meetings shall be held at the call of the Chair, the Executive Committee, or a majority of the members of the BETA Council. The BETA Council may establish by resolution a time and place to hold regular meetings.

Meetings shall be conducted pursuant to the most current edition of Robert's Rules of Order or such other procedural rules as the BETA Council may establish from time to time. Minutes shall be kept of all Council and Committee meetings.

**Section 12. Committee Meetings.** Meetings of a committee may be called by the BETA Council Chair, the chair of the committee, or a majority of the members of a committee.

**Section 13. Notice of Meetings.** At least 72 hours' written notice of each regular Council meeting and each regular committee meeting shall be given to each member, either personally or by mail, in addition to any notice otherwise required by law. Such notice shall contain the date, time and place of the meeting and, shall contain a brief general description of the business to be transacted. Written notice may be dispensed with as to any member who at or prior to the meeting files with the Secretary a written waiver of notice or who is actually present at the meeting at the time it convenes.

Special or emergency meetings of any standing committee of the BETA Council may be called by the chair, or a majority of the members of the Council or that committee, in accordance with the applicable requirements of the Brown Act.

**Section 14. Participation in Meetings.**

(a) Each member shall be represented at members' meetings by its chief executive officer or senior administrator, who may cast ballots on its behalf. In lieu of such officer or administrator, a member may designate a different individual as its representative by providing BHG written notice executed by the chair or president of the member's governing body and a majority of the governing body. BHG shall provide each member forms for such designation. No amendment to BHG's joint powers agreement shall be approved except by each member's governing body.

(b) Any representative of a member shall be entitled to make recommendations in writing to the BETA Council or any committee thereof with respect to any matter at any meeting thereof. Any person designated as a representative of a member shall have the right to attend any meeting of the BETA Council or any committee and may speak on any item subject to the rules and regulations of the BETA Council, and in accordance with the provisions of the Brown Act, but shall have no power to vote. Proxy voting shall not be permitted at BETA Council meetings.

**Section 15. Quorum.** A majority of the voting members of the BETA Council shall constitute a quorum for the transaction of business at any meeting. A majority of the members of any committee shall constitute a quorum for transaction of the business of that committee. Unless otherwise provided herein, the act of a majority of the members present at a meeting of the BETA Council, or any committee thereof, at which a quorum is present, shall be the act of the Council or of that committee. Vacant positions shall not be included in determining a quorum.

**Section 16. Fees and Compensation.** Members of the BETA Council and all Council committees, other than those members designated or employed by Administrator, shall receive a meeting fee, and shall be reimbursed for all necessary out-of-pocket costs. The amount of such fees and the rate of reimbursement shall be determined from time to time by the BETA Council.

**Section 17. Removal.** Any member of the BETA Council may be removed from office at any time by a two-thirds (2/3) vote of the BETA Council if such member ceases to have the qualifications required by these Bylaws, or for cause, such as disruptive behavior, inefficiency, failure to attend more than three consecutive meetings of the BETA Council or three consecutive meetings of any committee of the BETA Council of which such person is a member, or any combination thereof. Notification of removal shall be by written instrument.

### ARTICLE III OFFICERS OF BHG

**Section 1. Officers.** The officers of BHG shall be:

- (a) Chair
- (b) Vice Chair
- (c) Secretary
- (d) Treasurer-Auditor

**Section 2. Method of Selection.**

(a) The BETA Council shall elect from the Council a Chair, Vice Chair, Secretary, and Treasurer-Auditor of BHG for two-year terms at the first meeting of the BETA Council following the members' meeting at which BETA Council members are elected or as soon

thereafter as practicable. The officers shall take office July 1 and shall continue in office until June 30, or until their successors are elected, whichever is later. In the case of a vacancy in the office of the Chair, the Vice Chair shall succeed to the office and a new Vice Chair elected.

(b) The BETA Council may appoint such other officers as may be necessary to carry out the purposes of BHG.

(c) Any officer may be recalled at any time by a two-thirds vote of the BETA Council.

**Section 3. Chair.**

(a) The BETA Council shall elect the Chair from its membership.

(b) The duties of the Chair are to:

- (1) preside at and conduct meetings of the BETA Council;
- (2) appoint committee chairs;
- (3) preside at and conduct meetings of the Executive Committee; and
- (4) execute documents on behalf of BHG.

**Section 4. Vice Chair.**

(a) The BETA Council shall elect the Vice Chair from its membership.

(b) The Vice Chair shall exercise the duties of the Chair in the absence, or upon a vacancy in the office, of the Chair.

**Section 5. Secretary.**

(a) The BETA Council shall elect the Secretary from its membership.

(b) The duties of the Secretary are to:

- (1) attend the meetings of the BETA Council and keep minutes thereof;
- (2) keep all official records of BHG not required to be kept by the Treasurer-Auditor;
- (3) file such notices and statements as are required by Sections 6503.5 and 53051 of the Government Code; and
- (4) give notice of meetings as may required by law.

(c) The Secretary may delegate the functions prescribed in paragraph (b) to any person employed or retained by BHG for such purpose.

**Section 6. Treasurer-Auditor.**

(a) The BETA Council shall elect the Treasurer-Auditor from its membership.

(b) The Treasurer-Auditor of BHG shall have the custody of and disburse BHG's funds. The Treasurer-Auditor shall have the authority to delegate the signatory function of the Treasurer-Auditor to such persons as are authorized by the BETA Council and may delegate the functions prescribed in paragraphs (b), (c) (d) and (e) to any person employed or retained by BHG for such purpose. The duties of the Treasurer-Auditor are to:

(1) Receive funds paid to BHG and place it in the treasury of BHG;

(2) Be responsible for the safekeeping and disbursement of BHG money held by BHG;

(3) Pay demands against BHG from BHG money when the demands have been approved by the Chair or such other persons as authorized by the BETA Council.

(c) The Treasurer-Auditor shall verify, and report quarterly to the BETA Council the amount of money held for BHG, the amount of receipts since the last report, and the amount paid out since the last report.

(d) The Treasurer-Auditor, within 180 days after the close of the fiscal year, shall give a complete written report of all financial activities of BHG for such fiscal year to the BETA Council and to each member.

(e) The Treasurer-Auditor shall cause an annual independent audit to be made by a Certified Public Accountant approved by the BETA Council. A report thereof shall be filed as a public record with each of the members. Such report shall be filed within six months of the end of the year under examination.

**Section 7. Chief Executive Officer**

There shall be a Chief Executive Officer appointed by the BETA Council. The Chief Executive Officer shall be responsible for the day-to-day administration, management and operation of BHG's programs of risk management and he or she shall be subject to the direction and control of the BETA Council and the Executive Committee. The Chief Executive Officer shall be compensated for services to BHG in such amounts and manner as may be fixed from time to time by the BETA Council. Details respecting compensation, termination, bonding requirements, and other employment-related matters pertaining to the Chief Executive Officer shall be in accordance with the terms and conditions as the BETA Council shall set.

ARTICLE IV  
PARTIES

**Section 1.** Any party to the Agreement is a “party” or “member” as used in these Bylaws. BHG shall also be considered an unrepresented “party.” Any public entity or qualified non-profit corporation may become a party to the Agreement by consenting to be bound by the Agreement and these Bylaws and by complying with all of the following requirements:

- (a) submit application for membership and obtain BETA Council approval;
- (b) execute an original of the Agreement, as amended from time to time; and
- (c) accept the terms and conditions of the Certificate of Participation issued through BHG, as amended from time to time.

**Section 2.** An Entity which is neither generally considered to be a public entity, nor an eligible nonprofit corporation, may participate in one or more BHG programs if: (1) conditions (a), (b) and (c) above are met; (2) the BETA Council determines that the entity’s risks are of the same or similar character to those faced by members; and (3) legal counsel for BHG determines that the entity is legally eligible to participate in that BHG program.

ARTICLE V  
EXPULSION OF MEMBERS

A party to the Agreement may be excluded from BHG participation as provided in the Agreement.

ARTICLE VI  
AMENDMENT

Any member or any BETA Council member may propose amendment of these Bylaws. A copy of the proposed amendment(s), and reasons therefor, shall be forwarded to the BETA Council and to the members not less than 45 days prior to adoption by the BETA Council. All amendment(s) shall be approved by a two-thirds vote of the BETA Council before the amendment(s) shall be adopted. The effective date of any such amendment(s) shall be immediately upon their approval, unless otherwise stated in the amendment. Upon its approval, the amendment shall be disseminated to all members.

ARTICLE VII  
EFFECTIVE DATE

These Bylaws shall be effective immediately upon their approval.