

JOINT EXERCISE OF POWERS AGREEMENT



JOINT POWERS AUTHORITY

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JOINT EXERCISE OF POWERS AGREEMENT

TO ESTABLISH, OPERATE, AND MAINTAIN A

JOINT PROGRAM

FOR LIABILITY AND PROPERTY DAMAGE PROTECTION

THIS AGREEMENT is entered into pursuant to the provisions as defined by KRS 65.230 of the Kentucky Revised Statutes, relating to the "Interlocal agency", joint exercise of powers, between the public educational agencies signatory hereto, and also those which may hereafter become signatory hereto, for the purpose of operating an agency to be known and designated as "Bluegrass Risk Management", hereinafter designated as the "Authority".

WITNESSETH:

WHEREAS, it is to the mutual benefit of the parties herein subscribed and in the best public interest of said parties to join together to establish this Joint Powers Agreement to accomplish the purposes hereinafter set forth; and

WHEREAS, the development, organization, and implementation of such an Authority is of such magnitude that it is desirable for aforesaid parties to join together in this Joint Powers Agreement in order to accomplish the purposes hereinafter set forth; and

WHEREAS, the signatories hereto have determined that there is need, by public educational agencies, for a joint program for liability and property damage protection; and

WHEREAS, it has been determined by such signatories that a joint program for liability and property damage protection is of value on an individual and mutual basis; and

WHEREAS, A joint program for liability and property damage protection can adequately serve the needs of all of such signatories; and

WHEREAS, as used by KRS 65.210 to 65.300, of the Kentucky Revised Statutes authorizes joint exercise by two or more public agencies of any power common to them; and

WHEREAS, it is the desire of the signatories hereto to jointly provide for a joint program for liability and property damage protection for their mutual advantage and concern; and

WHEREAS, it is the desire of the signatories hereto to study and from time to time to incorporate other forms of risk management into a joint program such as that described herein.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL ADVANTAGES TO BE DERIVED THEREFROM, AND IN CONSIDERATION OF THE EXECUTION OF THIS AGREEMENT BY OTHER PUBLIC AGENCIES, each of the parties hereto does agree as follows:

1. CREATION OF THE JOINT POWERS ENTITY

A Joint Powers Entity, separate and apart from the public agencies signatory hereto, shall be and is hereby created and shall hereafter be designated as Bluegrass Risk Management (hereinafter referred to as the "Authority").

2. FUNCTIONS OF THE AUTHORITY

(a) The Authority is established for the purposes of administering this Agreement, pursuant to the Joint Powers provisions of the Kentucky Revised Statutes, and of providing the services and other items necessary and appropriate for the establishment, operation and maintenance of a joint program for liability and property damage claims against the members of the public agencies who are members thereof, and to provide a forum for discussion, study, development and implementation of recommendations of mutual interest regarding other joint programs.

(b) The functions of the Authority are:

- (1) To provide a joint program and system, as stated in the memorandum of coverage and given to each member, for liability and property damage claims against the members of the Authority and as such, to perform, or contract for the performance of, the financial administration, policy formulation, claim service, legal representation, safety engineering, and other development as necessary for the payment and handling of all liability and property damage protection claims against members.
- (2) To pursue any member's right of subrogation against a third party when in the discretion of the Board of Directors the same is appropriate. Any and all proceeds resulting from the assertion of such subrogation rights shall accrue to the benefit of the member against which the claim is charged.
- (3) To enter into contracts.
- (4) To obtain appropriate insurance coverage as determined by the Board of Directors.
- (5) To 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 joint program, for liability and property protection including, but not limited to, the acquisition of facilities and equipment necessary, the employment of personnel, and the operation and maintenance of a system for the handling of the joint program.
- (6) To incur debts, liabilities, and obligations necessary to accomplish the purposes of this Agreement.
- (7) To receive gifts, contributions, and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, associations, and any governmental entity.
- (8) To invest surplus reserve funds as deemed appropriate by the Board of Directors, and as subject to law.

- (9) To provide a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding other joint programs.
- (10) To sue and be sued in the name of the Authority.
- (11) To perform such other functions as may be necessary or appropriate to carry out this Agreement, so long as such other functions so performed are not prohibited by any provision of law.

3. POWERS OF THE AUTHORITY

The Authority shall have the power and authority to exercise any power common to the public agencies which are parties to this Agreement, provided that the same are in furtherance of the functions and objectives of this Agreement as herein set forth. Pursuant to Section KRS 65.210 to 65.300 of the Kentucky Revised Statutes, the exercise of the aforesaid powers of the Authority shall be subject to the restrictions upon the manner of exercising such powers by a public agency having the same status as a Member District or Joint Powers Authority except as otherwise provided in this Agreement.

4. TERM OF THE AGREEMENT

This Agreement shall become effective on July 1, 2024. This Agreement shall continue in effect until lawfully terminated as provided herein and in the Bylaws. In the event of a reorganization of one or more of the public agencies participating in this Agreement, the successor in interest or successors in interest to the obligations of any such reorganized public agency may be substituted as a party or as parties to this Agreement.

5. BYLAWS

- (a) The Authority shall be governed pursuant to those certain Bylaws, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference, and by such amendments to the Bylaws as may from time to time be adopted. Wherever in this Agreement "Bylaws" are referred to, said Bylaws shall be those set forth in Exhibit "A", as may be amended. Each party to this Agreement agrees to comply with and be bound by the provisions of said Bylaws and further agrees that the Authority shall be operated pursuant to this Agreement and said Bylaws.
- (b) Procedures for amending the Bylaws shall be as provided in the Bylaws so long as not inconsistent with this Agreement. All amendments must be approved by two-thirds (2/3) of the weighted vote of the Board of Directors before the amendment shall become effective. Such amendments shall be binding upon all members of the Authority. The effective date of any amendment will be on the first day of the next month following adoption, unless otherwise stated.

6. MEMBERSHIP IN THE AUTHORITY

- (a) Each party to this Agreement must be eligible for membership in the Authority as defined in the Bylaws and shall become a member of the Authority on the effective date of this Agreement, except as provided herein below. Each party, which becomes a member of the Authority shall be entitled to the rights and privileges of,

and shall be subject to the obligations of, membership as provided in this Agreement and in the Bylaws.

- (b) Upon approval of two-thirds (2/3) of the vote of the Executive Committee, any school district, community college district, county superintendent of schools or board of education, regional occupational center or program, Joint Powers Authority comprised solely of public educational entities, or other public educational agency that is not a party hereto but that desires to join the Authority created hereby, may become a member hereof by executing a copy of this Agreement whereby said school district, community college district, county superintendent of schools or board of education, regional occupational center or program, Joint Powers Authority comprised solely of public educational entities, or other public educational agency agrees to comply with the terms of this Agreement and of the Bylaws effective as of the date of such execution.

7. WITHDRAWAL FROM OR TERMINATION OF MEMBERSHIP

- (a) Any party to this Agreement, which has completed two complete years as a member of the Authority, may voluntarily terminate this Agreement as to itself and withdraw from membership in the authority. Such termination and withdrawal of membership shall become effective subject and according to the conditions, manner and means set forth in the Bylaws.
- (b) A member may be involuntarily terminated from the Authority upon a two-thirds (2/3) of the weighted vote of all the remaining members of the Board of Directors, as provided by the Bylaws. Such removal from membership shall operate to terminate the Agreement as to such party.

8. TERMINATION OF AGREEMENT

This Agreement may be terminated effective at the end of any fiscal year by the affirmative vote of three-fourths (3/4) of the members of the Authority; provided, however, that the Authority and this Agreement shall continue to exist for the purpose of disposing of all claims, distribution of assets, and all other functions necessary to conclude the affairs of the Authority.

9. DISPOSITION OF PROPERTY AND FUNDS

- (a) In the event of the dissolution of the Authority, the complete rescission, or other final termination of this Agreement by all public agencies then a party hereto, any property interest remaining in the Authority following a discharge of all obligations shall be disposed of as provided for by the Bylaws.
- (b) In the event a member withdraws from this Agreement, any property interest of that member remaining in the Authority following discharge of all obligations shall be disposed of as provided for by the Bylaws.
- (c) "Obligations," as referred to herein, shall include, but not be limited to, all payments required by law, together with all reserves which have been established for the purpose of paying incurred claims together with any other legal obligations incurred by the Authority pursuant to this Agreement.

10. AMENDMENTS

This Agreement may be amended at any time with a subsequent written agreement signed by three-fourths (3/4) of the members of the Authority. Any such amendment shall be effective upon the date of final execution thereof, unless otherwise provided in this amendment.

11. SEVERABILITY

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of Kentucky, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

12. LIABILITY

- (a) Pursuant to the provisions of the applicable Sections of KRS, of the Kentucky Revised Statutes, the members are jointly and severally liable upon any liability which is otherwise imposed by law upon any one of the members or upon the Authority for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement.

If a member or the Authority is held liable upon any judgment for damages caused by such an act or omission and makes payments in excess of its pro rata share on such judgment, such member or the Authority is entitled to contribution from each of the other members that are parties to the Agreement. A member's pro rata share shall be determined in the same manner as for the disposition of property and funds as provided in the Agreement and the Bylaws.

- (b) The Authority may insure itself, to the extent deemed necessary or appropriate by the Board of Directors, against loss, liability, and claims arising out of or connected with this Agreement.

13. ENFORCEMENT

The Authority is hereby given authority to enforce this Agreement. In the event suit is brought upon this Agreement by the Authority and judgment is recovered against a member, the member shall pay all costs incurred by the Authority, including reasonable attorney's fees as fixed by the court.

14. DEFINITIONS

Unless the context requires otherwise, the terms used herein and in the By-Laws shall have the following meanings:

- (a) "Authority" shall mean Bluegrass Risk Management created by this Agreement.
- (b) "Board of Directors" shall mean the governing board of the Authority established by the Bylaws to direct and control the Authority.
- (c) "Claims Adjuster" shall mean a claim adjuster as may be engaged by the Board of Directors for the purpose of determining losses and payments with respect to the Claims Fund.
- (d) "Contribution" shall mean money paid by a member to the Authority.
- (e) "Executive Committee" shall be the committee established by the Bylaws to conduct the business of the Authority.
- (f) "Liability" shall mean comprehensive general liability, property damage liability, automobile liability, personal injury liability, and errors and omissions liability as further defined in the memorandum of coverage or insurance/reinsurance policy document.

- (g) "Loss Reports" shall mean a report showing a member's liability and property damage claims in detail including current status.
- (h) "Member" shall mean an individual school district, community college district, regional occupational center or program, the county board of education or county superintendent of schools, or joint powers authority comprised solely of public educational agencies which belong to the Authority.
- (i) "Memorandum of Coverage" shall mean the document stating the type of program and the scope of liability and property damage protection coverage as adopted by the Board of Directors.
- (j) "Public Educational Agency" shall mean a school district, community college district, regional occupational center or program, county board of education or superintendent of schools or joint powers authority comprising solely of public educational agencies.
- (k) "Property Damage" shall mean damage to real or personal property owned or held by a member as further defined in the memorandum of coverage.
- (l) "Reserves" shall mean those parts of member contributions held by the Authority to make future liability and property damage payments as respects to claims that have been incurred but are unpaid.
- (m) "Joint Program" shall mean the group purchasing of Insurance, or the pooled purchase of Excess Insurance with the setting aside of funds and reserves to pay for a self-insured retention or for losses not covered by insurance.
- (n) "Pro-Rata Share" shall mean each member's financial contribution in proportion to the total of all members' contributions for each fiscal year.
- (o) "Weighted vote" shall mean the votes allocated to the members of the Authority pursuant to the Bylaws.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Name of Entity: _

Date: _

Signature: _

Print Name: _

Title: _



Exhibit "A"

BYLAWS

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BYLAWS

BLUEGRASS RISK MANAGEMENT

PREAMBLE

Bluegrass Risk Management (the "Authority") was established pursuant to the terms of a Joint Exercise of Powers Agreement (the "Agreement") by and among its public agency members (the "Members") for the purpose of providing the services and other items necessary and appropriate for the establishment, operation, and maintenance of a joint program for liability and property damage protection for the public agencies who are Members hereof, and to provide a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding pooled coverage and group purchase insurance and reinsurance programs. Pursuant to the terms of the Agreement, the Authority has adopted these Bylaws (the "Bylaws") to apply to and govern the Authority and its Members.

ARTICLE I BOARD OF DIRECTORS

- A. A Board of Directors is hereby established to direct and control the Authority.
- B. The initial Board of Directors shall be comprised of a representative from the first five Members to join the Authority. Each Member with a representative on the Board of Directors shall also designate an alternate representative that is authorized to act in the event of the temporary absence of the appointed Director. Notification of any changes in a Member's Director or alternate must be made in writing, to the Manager, within thirty days of said change. Said Director and alternate must be authorized agents of the Member and shall serve at the pleasure of the Member by whom appointed. Only the designated Director or alternate may represent a Member. The designated Director or alternate may invite members of their agencies' staffs or consultants to attend meetings of the Board of Directors in an advisory capacity only.

- C. The Board of Directors shall hold quarterly meetings with a minimum of at least two regular meetings each fiscal year. These meetings will be held on any day that is convenient to the Directors. It shall be the duty of the secretary to cause notice of such meetings to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time and place for the holding of the meeting. All meetings of the Board of Directors shall be called, held, and conducted in accordance with the terms and provisions of the Kentucky Open Meeting Law (Sections KRS 61.800 of the Kentucky Open Records and Open Meetings Act), as said Act may be modified by subsequent legislation, and as the same may be augmented by rules of the Board of Directors not inconsistent therewith. The Board may hold additional meetings as determined by the Board and consistent with the Kentucky Open Meeting Act. Except as otherwise provided or permitted by law, all meetings of the Board are open and public. The Board of Directors will cause minutes of its meetings to be kept and post the true and correct copies of the minutes of such meetings after Board approval.
- D. The Board of Directors, by resolution, shall designate a specific location at which it will receive notices and, correspondence, establish (and dissolve) operating committees and establish the authority granted to such committees and their operating policies. The President shall appoint the Chairperson and Vice Chairperson. Members of each committee will be appointed by the respective Committee Chairperson.
- E. The Board of Directors may establish, revise and discontinue policies related to the operation of the Authority and such policies are binding upon the Members upon approval unless otherwise specified by policy by the Board of Directors and publication to the Members.
- F. The Board of Directors shall approve annual budget, expenditures and overall program costs including all reinsurance. The Board of Directors will also review and ultimately approve any recommended assessments, if necessary or appropriate, to allow for increased costs and expenses that may occur. Assessments, if ever deemed necessary will be calculated as reflected in ARTICLE VII. The Board of Directors shall insure that a complete and accurate system of accounting of the General Fund is maintained at all times consistent with established auditing standards and accounting procedures.
- G. The Board of Directors shall review the coverages that are provided to Members through the Memorandum of Coverage/Reinsurance Policies and establish policies and procedures for claims administration.
- H. The Board of Directors shall review the history of claims paid under the Memorandum of Coverage and annually develop a plan for the prudent risk-transfer of potential claims

payable by the Authority under the Memorandum of Coverage, including the claims that may be covered by other insurance, reinsurance or other risk transfer arrangements. The Board of Directors shall approve the terms of all related insurance, excess insurance, reinsurance and other agreements, including the terms of coverage, claims services, cost and compensation.

- I. The Board of Directors shall directly or by contract provide for services required to effectively implement all aspects of the Joint Program.

ARTICLE II RULES OF THE BOARD OF DIRECTORS

- A. The Board of Directors may establish rules governing its own conduct and procedure and have such expressed or implied authority as is not inconsistent with, or contrary to, the laws of the State of Kentucky, these Bylaws, or the Agreement.
- B. A quorum for the transaction of business by the Board of Directors shall require at least two thirds the Directors (3 of the 5 Board of Directors). All action shall require the approval of a majority of the Directors present at the meeting. The act of the majority of the Directors present at a meeting at which quorum is present shall be the act of the Board.
- C. No one serving on the Board of Directors shall receive any salary or compensation from the Authority.
- D. The Board of Directors may approve reimbursement for expenses incurred.
- E. Each Director duly elected shall serve for a term of three (3) years, and the terms shall be staggered such that the terms of only three (3) Directors will expire in any given year. In order to effectuate the staggering of terms, once the Board of Directors reaches nine (9) members, the following will apply. The term for each of three (3) Directors shall be one year, the term for each of another three Directors shall be two years, and the term for each of the remaining three Directors shall be three years; thereafter, each term shall be three years.
- F. A Nominating Committee shall be elected annually by a majority vote of the Members. The Nominating Committee shall consist of one member of the current Board, who shall serve as chair of the Nominating Committee, and four Members not currently serving on the Board. The Nominating Committee shall, by majority vote of the Committee, assemble the slate of potential Directors to be voted upon by the Board of Directors at the next annual meeting held for such purpose.

ARTICLE III RIGHTS OF THE BOARD OF DIRECTORS

- A. The Board of Directors to assist in the direction and control of the Authority. The Board of Directors shall be chaired by the President and Members of the Board shall be the Officers. The Board of Directors shall have all powers of the authority, included but not limited to:
- B.
 - 1. Amendment of these Bylaws,
 - 2. Election of Officers of the Authority;

3. Establishment of Member contribution rates or distributions;
4. Changes to the Memorandum of Coverage; or
5. Expulsion or termination of a Member.

ARTICLE IV OFFICERS

- A. The principal officers of the Authority shall be a President, a Vice President, a Secretary, and a Treasurer (the “Officers”).
- B. Election of Officers:
1. The five (5) founding Board of Director members need to appoint officers for inaugural year.
 2. All other members are charter members.
 3. The Officers of the Authority shall be elected by the Board of the Directors.
 4. The Officers of the Authority shall serve a term of two years, beginning July 1 of even-numbered years.
 5. Elections shall take place at the last regularly scheduled Board of Directors meeting prior to the commencement of even-numbered Program Years. Directors may make nominations of individuals who meet the requirements for the office at the time of election. If such nomination is seconded, the nominated individual shall be a candidate for that office for which the candidate was nominated. The candidate with the greatest number of votes shall be elected to the office.
 6. Any person elected as an Officer may be removed at any time, with or without cause, by a majority of the votes of Directors present at the Board meeting.
 7. Officers shall at all times during their term be the designated Director of a Member. In the event an Officer is no longer a designated Director of a Member, then such individual shall no longer be an Officer of the Authority.
 8. All vacancies arising may be filled at any time by the weighted vote of the Directors present at that Board of Directors meeting.
- C. The President shall be the chief executive officer of the Authority and shall have general supervision and direction of the business of the Authority, shall see that all orders and resolutions of the Board of Directors are carried into effect, and shall be an ex officio Member of all committees appointed by the Board of Directors. The President shall have other powers and perform such other duties as may be prescribed from time to time by the Board of Directors.
- D. The Vice President shall have such powers and perform such duties as may be prescribed from time to time by the Board of Directors or the President. In the absence or disability of the President, the Vice President shall be vested with all the powers and authorized to perform all the duties of the President.
- E. The Secretary shall be the chief administrative officer of the Authority. The Secretary and/or the Manager shall attend all meetings of the Board of Directors and committees and record all votes and the minutes of all proceedings. The Secretary and/or the Manager shall give, or cause to be given, notice of all meetings of the Board of Directors when notice is required by law or these Bylaws. The Secretary shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors or the President.

- F. The Treasurer shall serve as the chief financial officer of the Authority, without the need to post any official bond. The Treasurer shall oversee third party professionals, approved by the Board to Directors, in connection with the following:
1. Receipt of all money of the Authority and place it in the designated depository to the credit of the Authority;
 2. Be responsible for the safekeeping and disbursement of all money of the Authority;
 3. Pay, when due, out of money of the Authority all legitimate and verifiable sums payable by the Authority;
 4. Verify and report in writing on the first day of July, October, January, and April of each year, or as soon as possible thereafter, to the Board of Directors, the amount of money held for the Authority, the amount of receipts since the last Treasurer's Report, and the amount paid out since the last Treasurer's Report; and
 5. Custodian of the Authority's property.
 6. The Treasurer shall have such other powers and perform such other duties as may be prescribed from time to time by law or by the Board of Directors or the President.
- G. The Board of Directors may appoint or elect such additional officers, and assign such duties and authorities, as it determines.

ARTICLE V MANAGER

All decisions related to the Authority and the Joint Program shall be made by the Board of Directors and/or Officers. The Authority may contract with a company with demonstrated expertise and experience to assist the Authority with the management and operation of the Authority (the "Manager"). The services to be provided by the Manager and the compensation to be earned shall be as determined and approved by the Board of Directors or Officers, when authorized.

ARTICLE VI MEMBERSHIP IN THE AUTHORITY

- A. Membership in the Authority shall be open to any Kentucky Public Educational Agency which has been duly approved by the Board of Directors or Executive Committee. The Authority shall provide application forms and establish procedures for their completion and submission for review prior to being approved.

- B. Upon approval, a Public Educational Agency may become a Member of the Authority by executing a copy of the Agreement, whereby said Public Educational Agency agrees to comply with the terms of the Agreement and these Bylaws, as the same may from time to time be amended and in effect.

ARTICLE VII FINANCE

- A. The Authority shall operate on a fiscal year from July 1st through June 30th.
- B. The Board of Directors shall annually in accordance with Policy adopt a preliminary and final budget showing each of the purposes for which the Authority will need money and the estimated amount of money that will be needed for each such purpose for the ensuing fiscal year. A copy of the budget shall be provided to each Director and all charter members.
- C. Each Member shall pay pursuant to the Authority each fiscal year the annual Contribution as calculated and adopted by the Board of Directors pursuant to the following:
1. Each Member's Contribution shall be based upon such Member's retention, selected coverages, student attendance, loss history, unusual exposures, total insured values and other information relative to providing coverage for the Member. Each Member shall also pay a their allocated costs by exposure type as determined by the Board of Directors.
 2. Contributions are due and payable on receipt of invoice unless payment terms defined differently on invoice. Late payment of Contributions are subject to late payment penalties as determined and approved by the Board of Directors.
- D. Each Program Year of the Authority shall be accounted for separately from every other Program Year in regard to the accounting for its assets and Obligations.
1. Any unanticipated non-claim expenditures, not incorporated into the current annual budget, can be assessed against the Members, as determined by the Board of Directors. The assessment, if any, will be added to the Member's subsequent Program Year's Contribution.
 2. All Contributions, Obligations, expenditures and disbursements of the Authority that can be separately and distinctly identified by Program Year shall be accounted for separately by each Program Year.
 3. Joint Program revenues, Obligations and expenses that cannot be separately and distinctly identified to a specific Program Year may be allocated among Program Years.
 4. Should the total Obligations for a Program Year exceed the total assets of that year, the Members participating in such Program Year may be subject to an assessment by the Pro Rata Share of the additional contribution required based on actuarial analysis and approved by the Board of Directors.

Example of Pro-Rata Share:

Fiscal Year 20XX – Total Authority Member Contributions - \$15,000,000

Assessment Determined by Actuary/Program Manager/Approved by BOD \$250,000

ABC School District Fiscal Year 20XX Annual Contribution = \$300,000

*District Annual Contribution/Total Authority Member Contribution
\$300,000/\$15,000,000=.02*

ABC School District Assessment

\$250,000 *.02 = \$5,000

5. Net Position Funds may be utilized for the benefit of the Authority as determined and approved by the Board of Directors, including but not limited to a distribution of any positive net position funds to Members on a vesting schedule as defined in the Policy.
6. The Authority's Contingency Fund must be met before any positive net position funds are eligible to be returned to the Members.
- E. Any subrogation recoveries received by the Authority shall be credited to the member through a reduction in the amount of the claim paid. Reimbursement of monies paid will be made in the reverse order of payment.
- F. A General Fund shall be established and maintained to receive monies, pay operating expenses, hold reserves and pay claims of the Authority. The Authority shall accept and deposit in the General Fund all monies received.
- G. The Board of Directors has the authority to establish designated funds for the effective operation of the Program.
- H. The Authority shall indemnify, defend and hold harmless its Directors, Officers and members of committees against any claims that may be brought against such individuals in connection with their actions taken in good faith in the course and scope of their duties on behalf of the Authority.

**ARTICLE VIII
INVESTMENT OF FUNDS**

- A. The Authority shall have the power to invest or cause to be invested, in compliance with the Kentucky Government Code, such funds as are not necessary for the immediate operation of the Authority as allowed by the Kentucky Government Code.
- B. The level of cash to be retained for the actual operation of the Authority shall be determined by the Board of Directors.

ARTICLE IX
MEMORANDUM OF COVERAGE

- A. As soon as practicable following the effective date of each Program Year, the Board of Directors shall issue to each Member a Memorandum of Coverage or Insurance/Reinsurance Coverage Document.
- B. The Memorandum of Coverage shall contain:
 - 1. Declarations of coverage and Member Contributions;
 - 2. The scope of protection provided; and
 - 3. Other terms and conditions determined by the Board of Directors.

ARTICLE X ACCOUNTS AND RECORDS

- A. The Authority is strictly accountable for all funds received and disbursed by it and, to that end, the Authority shall establish and maintain such funds and accounts as may be required by Generally Accepted Accounting Principles or by any provision of law or any resolution of the Authority. Books and financial records of the Authority shall be open to inspection at all reasonable times by representatives of the Members. The Authority, as soon as practical after the close of each fiscal year, shall give, or cause to be given, a complete written report of all financial activities for such fiscal year to each Member of the Authority.
- B. The Board of Directors shall make, or contract with a Certified Public Accountant to make, an annual audit of the accounts, records, and financial affairs of the Authority. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts of the Kentucky Government Code and shall conform to generally accepted auditing standards. When such an audit of accounts and reports is made by a Certified Public Accountant, a report thereof shall be filed within twelve months of the end of the fiscal year under examination with the State Controller and county auditor. Any costs of the audit, including contracts with, or employment of, Certified Public Accountants in making the audit(s) provided for herein, shall be appropriate administrative charges against the funds of the Authority.
- C. The Board of Directors shall contract with an independent claims auditor at least every two years to conduct an audit of claims paid by the Authority and to deliver an audit report to the Board of Directors.

ARTICLE XI RISK MANAGEMENT

The Board of Directors of the Authority may adopt recommended minimum standards for risk management/loss control best practices. These standards and best practices shall be reviewed by each Member as part of each Member's risk management practices.

ARTICLE XII WITHDRAWAL FROM OR TERMINATION OF MEMBERSHIP

- A. Any Member having completed two complete program years as a Member of the Authority may withdraw from its status as a Member and party to the Agreement at the end of the fiscal year subject to the following terms and conditions. Provisional notice must first be submitted by notifying the Board of Directors of the Authority in writing prior to December 31st of the fiscal year. Such notice may not be submitted more often than every 3 years.
- B. The Member filing the provisional notice of withdrawal shall notify the Authority in writing, together with a copy of the Member's Board resolution or meeting minutes authorizing such action, sixty (60) days prior to the end of the program year as to its final decision to leave the Authority. Failure to comply with the notification requirements and subsequent departure from the Authority shall result in a surcharge of the former Member's final program year contribution of 20%.

- C. For Members that withdraw from membership in the Authority:
1. The incurred claims, incurred but not reported claims, and all Contributions of the withdrawing Member applicable to Program Years of membership shall stay with the Authority. Exception to incurred but not reported claims noted above for coverages that are provided on “claims-made” coverage forms. These IBNR claims would then be reported to current carriers.
 2. The withdrawing Member shall continue to participate in each of the Program Years for which, the agency was a Member.
 3. The withdrawing Member shall continue to be bound by the Agreement and the Bylaws for the Program Years during which such agency was a Member.
- D. A Member may be involuntarily terminated from membership in the Authority upon a weighted vote of two-thirds of all the remaining Directors. Such involuntary termination shall become effective at the end of the Program Year in which the action is taken or upon such other date as the Board of Directors may specify, but in no case less than sixty days after notice of involuntary termination is given. As a result of such involuntary termination:
1. The incurred claims incurred but not reported claims, and all Contributions of the withdrawing Member applicable to Program Years of membership shall stay with the Authority. Exception to incurred but not reported claims noted above for coverages that are provided on “claims-made” coverage forms. These IBNR claims would then be reported to current carriers.
 2. The withdrawing Member shall continue to participate in each of the Program Years for which, the agency was a Member.
 3. The withdrawing Member shall continue to be bound by the Agreement and the Bylaws for the Program Years during which such agency was a Member.
- E. Grounds for involuntary termination include, but are not limited to, the following:
1. Failure or refusal to abide by the Agreement or Bylaws;
 2. Failure or refusal of a Member to abide by an amendment of the Agreement or Bylaws, which has been adopted by the Board of Directors or by the Members of the Authority as provided in the Agreement or these Bylaws;
 3. Failure or refusal to pay Contributions or assessments to the Authority as provided in the Agreement or Bylaws;
 4. Failure to comply with risk management or safety programs implemented by the Authority; or
 5. Failure of a Member to disclose a material fact to the Authority or its Manager. .

**ARTICLE XIII
DISPOSITION OF PROPERTY AND FUNDS**

- A. In the event of the dissolution of the Authority, the complete rescission, or other final termination of the Agreement, any assets remaining in the Authority following a discharge of all Obligations shall be disposed of pursuant to a plan adopted by the Board of Directors with the objective of returning to Members their Pro Rata Share of positive net position funds from each Program Year to which such Member was a participant. The plan adopted by the Board of Directors shall include, but not limited to, the following:
1. Claims outstanding, and incurred but not reported to, the Authority shall be audited and calculated by an independent auditor and actuary selected by the Board of Directors for determination of future liabilities for expenses and costs to bring these claims to a conclusion.
 2. The current fair value of the Authority's assets shall be determined by the Board of Directors. If a Member disagrees with the current fair value of the Authority's assets as determined by the Board of Directors, the current fair value of said assets shall be determined by an independent appraiser selected by the Board of Directors.

**ARTICLE XIV
AMENDMENT**

- A. Amendment to these Bylaws may be proposed by any Member of the Authority.
- B. All amendments to these Bylaws must be approved by a two-thirds (2/3) weighted vote of the Board of Directors present at a meeting before the amendment shall become effective. Such amendments shall be binding upon all Members of the Authority. The effective date of any amendment will be on the first day of the next month following adoption, unless otherwise stated.

**ARTICLE XV
SEVERABILITY**

Should any portion, term, condition, or provision of these Bylaws be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of Kentucky, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

**ARTICLE XVI
EFFECTIVE DATE**

These Bylaws, as they may be amended from time to time, shall become effective as of the effective date of the Agreement.

ARTICLE XVII DEFINITIONS

- A. “Contribution” shall mean the amount determined by the Board of Directors as each Member’s share of the cost of each Program Year of the Joint Program.
- B. “Contingency Margin Fund” shall mean the excess by which the Authority’s assets exceed the Obligations for all the Program Years measured at a point in time as determined by the Board of Directors.
- C. “Joint Program” shall mean the coverage for property and liability claims in excess of the Member’s retention pursuant to the terms of the Authority’s Memorandum of Coverage along with the purchasing of insurance or reinsurance or the setting aside of funds and reserves to pay for a self-insured retention or for losses not covered by insurance or reinsurance of such claims.
- D. “Memorandum of Coverage” shall mean the document issued by the Authority defining the terms of coverage provided to the Members.
- E. “Obligations” shall mean to include, but not limited to, all payments required by law together with any other legal obligations incurred or potentially payable by the Authority pursuant to the Agreement, these Bylaws or a Memorandum of Coverage issued by the Authority.
- F. “Program Year” shall mean one year of the Joint Program separate from each and every other Program Year and shall operate on fiscal year from July 1st through June 30th, or as otherwise determined by the Board of Directors.
- G. "Pro-Rata Share" shall mean the ratio of each Member's Contribution in proportion to the total of all Members’ Contributions for each Program Year.
- H. “Public Educational Agency” means any public school district, community college district, county board of education/county superintendent of schools, regional occupational programs/centers, or other public entity providing education programs or services to the community or such joint powers agencies/authorities consisting of one or more of the foregoing and serving the interests of such public entities.
- I. “Subrogation” shall mean the recovery of payments which the Authority has made on behalf of a Member. Subrogation monies received are the property of the Authority.



Adam Balls CLCS, CIC, CRM, CSRM
BRM Program Manager
World Risk Management
20 N Orange Ave, Suite 500
Orlando, FL 32801

Dr. Jeff Hauswald & Mrs. Olivia Amlung &
Boone County Schools
8330 US Highway 42
Florence, KY 42042

October 3rd, 2024

Subject: Waiver of Initial 2-year agreement to Bluegrass Risk Management

Dear Dr. Hauswald & Mrs. Amlung,

Bluegrass Risk Management (BRM) is appreciative of your commitment to the new alternative insurance program for Schools in Kentucky. Our program administration team along with the other founding members are excited about what we created and the road ahead.

After feedback and discussion with the district and your current insurance agency, BRM wanted to honor the request to make an exception to waiving the initial 2-year membership commitment required within the JPA & Bylaws for BRM.

JPA Waiver/Exception:

7.(a) BRM is waiving the “two completed years” within this section. BRM will consider this letter to be an exception and treat this section to be “one completed year” in replacement for the 2024-2025 policy year.

Bylaws Waiver/Exception:

Article XII (A) BRM is waiving the “two completed years” within this section. BRM will consider this letter to be an exception and treat this section to be “one completed year” in replacement for the 2024-2025 policy year.

All terms and conditions of the Original JPA and Bylaws agreements remain in full force and effect except as waiver/exceptions made herein.

Our vision is to be the leader in providing Kentucky Schools with exceptional value, service and protection of our students, faculty, and assets. Through strategic partnerships and collaboration, BRM is committed to meeting the changing needs of our membership while providing superior coverage and financial stability.

Sincerely,

Adam Balls CLCS, CIC, CRM, CSRM

BRM Program Manager

Patrick Richardson – Pulaski County Schools

Superintendent

BRM Board President