

RHODE ISLAND INTERLOCAL



RISK MANAGEMENT TRUST

BYLAWS

OF THE

RHODE ISLAND INTERLOCAL RISK MANAGEMENT TRUST, INC.

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as of October 13, 2015

BYLAWS
of the
RHODE ISLAND INTERLOCAL RISK MANAGEMENT TRUST, INC.

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BYLAWS

of the
RHODE ISLAND INTERLOCAL RISK MANAGEMENT TRUST, INC.
A Nonprofit Corporation
(as of October 13, 2015)

ARTICLE I

DEFINITIONS

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

- 1.1 Articles of Incorporation. Articles of Incorporation shall mean the Articles of Incorporation of the Rhode Island Interlocal Risk Management Trust, Inc., as amended from time to time whether before or after the date of adoption of the Bylaws.
- 1.2 Bylaws. The Bylaws shall mean the Bylaws of the Rhode Island Interlocal Risk Management Trust, Inc., as set forth herein and as amended from time to time whether before or after the date hereof.
- 1.3 Chief Executive or Administrative Officer. Chief executive officer and chief administrative officer shall mean the individuals so designated in either the Member's charter, applicable Rhode Island General Laws or local laws, or the Member's bylaws or similar governing organizational documents. For school systems, the Superintendent of Schools is deemed to be the chief executive officer. For Members other than municipalities and school systems where a formal designation of a chief executive officer or chief administrative officer does not exist, the governing body of the Member shall designate in writing an individual to fulfill the duties specified in Section 4.3.1 of the Bylaws.
- 1.4 Contribution. Member contributions shall consist of required payments to purchase excess insurance, to provide for retained losses including assessment charges which may be necessary, to provide for employee benefit claims, and to administer the operations of The Trust. Contributions shall be developed in accordance, to the extent pertinent hereunder, with rating guidelines adopted by the Board of Trustees. Contributions for certain lines of coverage may be subject to audit adjustments.
- 1.5 Fiscal Year. The Fiscal Year shall mean a twelve (12) consecutive month period chosen from time to time by the Board of Trustees. The initial Fiscal Year shall end on June 30 unless the Board of Trustees shall provide otherwise. A Fiscal Year may be any period less than twelve (12) months if it is the first or last such year of The Trust or a year or years involving a change in The Trust Year.
- 1.6 Governing Body. Governing Body shall mean the city or town council of any municipality, the school committee of any school system participating separately as part of The Trust, or the board of any quasi-municipal public entity.
- 1.7 Insurer. Insurer shall mean any insurer or reinsurer providing any risk transfer contract to The Trust and providing any benefit, directly or indirectly, for any Member, including, but not limited to, any such policy required by the Bylaws or that the Board of Trustees deem necessary or prudent for the proper operation of The Trust.

- 1.8 Loss Fund. Loss Fund shall mean those funds allocated for known claims and losses as well as incurred but not reported losses (IBNR), adverse deviation, and surplus accumulation. The Trust may establish separate Loss Funds for each individual risk-sharing pool that it may, from time to time, operate.
- 1.9 Member. Member shall mean any municipality or other entity which became a Member pursuant to Article II of the Bylaws and the membership of which has not been terminated or suspended pursuant to the Bylaws, and shall further include those entities who were Members in good standing of any other entity that has merged with, or into, The Trust as of the date of such merger.
- 1.10 Official. Official shall mean any publicly elected or appointed official or employee of the Member.
- 1.11 President/Executive Director. The President/Executive Director shall mean the person appointed by the Board of Trustees, pursuant to Section 5.1.14 of the Bylaws, to be responsible for the daily activities of The Trust.
- 1.12 RILOCAT. RILOCAT shall mean the non-profit organization established under the laws of the State of Rhode Island which is called the Rhode Island League of Cities and Towns.
- 1.13 The Trust. The Trust shall mean the Rhode Island Interlocal Risk Management Trust, Inc.
- 1.14 Trustee. Trustee shall mean each person then serving as Trustee pursuant to Articles V and VI of the Bylaws.
- 1.15 Trustees or Board of Trustees. Trustees or Board of Trustees shall mean the Board of Trustees of the Rhode Island Interlocal Risk Management Trust, Inc.

ARTICLE II

MEMBERSHIP

- 2.1 Eligibility to Become Member. Entities eligible to become Members of The Trust are any Rhode Island town or city government, school district, regional school district, or other public or quasi-municipal authority, agency or entity, or any organization that is an instrumentality of such city or town, or any group of such cities and towns, authorities, agencies or entities.

Further, such entities prior to becoming a Member must:

- (a) complete such written applications to become a Member as is required for underwriting purposes;
- (b) meet all other criteria established and provide all information requested by the Board of Trustees or an Insurer which such Board of Trustees deem necessary and prudent for the proper administration of The Trust, and
- (c) sign The Trust Membership Participation Agreement applicable for the relevant risk-sharing pool or program.

- 2.2 Acceptance as Member by Board of Trustees.
- 2.2.1 Applications for membership shall be reviewed by the Underwriting Committee, which will recommend acceptance or denial to the full Board of Trustees. Applications for membership in any of the Employee Benefit Pools shall be first reviewed by the Employee Benefits Committee, which will forward its recommendation for acceptance or denial to the Underwriting Committee.
- 2.2.2 The Board of Trustees shall act by majority vote on recommendations of the Underwriting Committee regarding membership applications, and their decision shall be final. Any entity denied membership may re-apply for membership after one (1) year.
- 2.3 Effective Date of Becoming a Member. The effective date upon which an entity may become a Member shall be determined by the Board of Trustees and set forth in the applicable Membership Participation Agreement.
- 2.4 Effect of Acceptance. Each entity, on becoming a Member, thereby agrees to be bound by the provisions and terms of the Articles of Incorporation, Bylaws, applicable Membership Participation Agreement, Board of Trustees policy decisions, other agreements pursuant to or incident to the same, and any documents required by an Insurer then in effect or that may be adopted from time to time by the Board of Trustees.
- 2.5 Appeal from Denial of Membership. When and in the event an entity eligible to become a Member and which has made application therefor and has had membership denied, such entity entitled to become a Member may request the Board of Trustees to review such decision of denial. Such request for review of denial of membership shall be made within thirty (30) days of such denial and shall be made by written notice to the President/Executive Director. The Board of Trustees shall meet within thirty (30) days of receiving such notice, and their decision shall be final.
- 2.6 Termination of Membership. Status as a Member will be continuous unless terminated by the Member or The Trust pursuant to the provisions of the Bylaws and applicable Membership Participation Agreement. A Member may be suspended or expelled from The Trust in accordance with the subparagraphs set below:
- 2.6.1 Failure to pay any Contribution to The Trust required when due and owing.
- Any Member failing to make a Contribution required when due, shall upon ten (10) days' proper notice be immediately suspended from membership by action of the President/Executive Director without further action by the Board of Trustees, and 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 President/Executive Director may reinstitute such membership;
- 2.6.2 Failure to continue to comply with the Bylaws, the applicable Membership Participation Agreement, or Board of Trustees policy decisions;
- 2.6.3 Failure to continue to meet the criteria required by any Insurer or The Trust including without limitation underwriting, loss prevention, and claims reporting criteria.

Such suspension or expulsion shall be evidenced and preceded by a sixty (60) day written notice to the Member from the Board of Trustees or President/Executive Director, except that a ten (10) day written notice shall be sufficient for non-payment of all or any part of a Contribution as provided herein.

2.7 Withdrawal.

2.7.1 After a Member's initial period of membership, which is any period of time set by The Trust up to but not exceeding one (1) full year, (i.e. 12 months), each Member shall continue its membership for a period of not less than one (1) full year. A Member may withdraw from membership but only by providing advance written notice to The Trust in accord with the terms of the applicable Membership Participation Agreement and in accord with all other terms and conditions set forth in the applicable Membership Participation Agreement.

A Member withdrawing shall have no claim on the reserves on any of the claims that are being maintained by The Trust or which may be required to be paid by The Trust. The Trust shall continue the servicing of any covered claim after the withdrawal of a Member.

2.7.2 In the case of withdrawal, a Member shall remain liable for any Contribution which may have accrued prior to the effective date of such withdrawal.

2.7.3 Members recognize that Rhode Island General Laws § 45-5-20.1(b) requires them to make contributions to The Trust on an actuarially sound basis, and the Members further recognize that as a part of their mutual obligation to each other to conduct the affairs of The Trust on an actuarially sound basis, they recognize the need for capital contributions as may be specified by the Board of Trustees and set forth in the applicable Membership Participation Agreement.

2.8 Membership Review and Termination.

2.8.1 When in the determination of the President/Executive Director a Member has engaged in conduct, other than nonpayment of premiums, that warrants review of that membership status, the President/Executive Director shall file a written report with the Management Committee. Said report shall contain a summary of the facts and the President/Executive Director's recommendations regarding continued membership status.

2.8.2 A copy of the President/Executive Director's report shall be provided to the Member along with a notice of hearing of the Management Committee. Such notice of hearing shall include the place, date and time of the hearing and a request for attendance at the hearing. Such hearing shall be scheduled no less than ten (10) nor more than twenty (20) days from the date of such notice. At its discretion, the Management Committee may submit written questions to the Member, written answers to which must be provided to the President/Executive Director no later than seven (7) calendar days prior to the date of the hearing. A Member objecting to the report and recommendations of the President/Executive Director shall submit a written statement to the Management Committee setting out in detail the basis of the objection and any other information the Member desires to submit. Said statement must be provided to the President/Executive

Director no later than seven (7) calendar days prior to the hearing. If written questions are submitted, at least fifteen (15) days' notice will be provided.

- 2.8.3 The Management Committee shall meet at the time and place designated in the notice of hearing. The Member shall be entitled to be represented at the hearing and present an oral statement and other information.
 - 2.8.4 Following the hearing, the Management Committee shall affirm, modify, or reject the recommendation of the President/Executive Director. The Management Committee shall have the authority to place a Member on probation, the terms and duration of which it shall determine, and shall also have the authority to terminate a Member on ten (10) days' notice. A copy of the Management Committee's decision shall be provided to the Member.
 - 2.8.5 Notwithstanding the forgoing, the action of the Management Committee shall be presented to the full Board of Trustees at its next meeting for ratification. If the decision of the Management Committee is not ratified, the Board of Trustees may hold a new hearing within a reasonable time to consider the matter *de novo*.
 - 2.8.6 Should the Board of Trustees approve the termination of a Member, such termination shall be treated as a withdrawal by the Member and subject such Member to all of the obligations and responsibilities associated therewith.
- 2.9 Meetings of the Membership. A meeting of the Members of The Trust shall be held at least annually during the month of January. The time and place of each meeting will be determined by the Board of Trustees. Members shall be notified of the time and place of each meeting by at least seven (7) days' written notice.

ARTICLE III

OBLIGATIONS OF MEMBERS

- 3.1 Obligations of Members. The obligations of Members of The Trust shall be as follows:
- 3.1.1 To appropriate for and to promptly pay all Contributions to The Trust at such times and in such amounts as shall be established by the Board of Trustees.
 - 3.1.2 To allow the Board of Trustees and their agents reasonable access to all facilities of the Member 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 employed by The Trust to represent the Member in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Member within the scope of loss protection furnished by The Trust.
 - 3.1.4 To furnish full cooperation with The Trust attorneys, claims adjusters, 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 all 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 all revenues and expenditures of the Member 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 loss protection undertaken by The Trust in accordance with such rules as the Board of Trustees shall prescribe.
- 3.2 Optional Defense by Member for Liability and Workers' Compensation Claims. Members may participate in the defense of their liability and workers' compensation claims at their own expense. Members may prevent the settlement of liability and workers' compensation cases or claims by The Trust in a manner contrary to the wishes of the Member.

Where the Member has exercised its privilege to prevent the settlement of the liability or workers' compensation case or claim, it shall be responsible for any later judgment or settlement in excess of the settlement offer or proposal suggested by The Trust, the acceptance of which was prevented by the Member.

- 3.3 Contractual Obligation. The Articles of Incorporation, Bylaws and the applicable Membership Participation Agreement shall constitute a contract among Members of The Trust. The obligations and responsibilities of the Members set forth herein include the obligation to take no action inconsistent with the Articles of Incorporation, Bylaws and the applicable Membership Participation Agreement as originally written or validly amended, which shall remain a continuing obligation and responsibility of the Member. The agreement of a Member thereto shall be evidenced by an authorized signature affixed to the applicable Member Participation Agreement. Except to the extent of the Contributions to The Trust agreed to herein, or such additional obligations as may come about through amendment hereto, no Member agrees or contracts herein to be held responsible for any claims in tort, contract or otherwise made against any other Member. Nothing herein contained shall be deemed to create any relationship of surety, indemnification or responsibility between Members for the debts of or claims against any other Member except as otherwise provided in the Articles of Incorporation, Bylaws or the applicable Membership Participation Agreement.

ARTICLE IV

APPOINTMENT AND RESIGNATION OF TRUSTEES

- 4.1 Number of Trustees. The Board of Trustees will be composed of thirteen (13) individuals to serve in the office of Trustee.
- 4.2 Qualification of Trustees. Each Trustee shall, at the time of appointment and at all times serving in such office, be an Official of any Member. In the appointment of Trustees, due regard should be given to:
- (a) the geographic dispersion of Member entities within the State,

- (b) the types of Member entities represented in The Trust,
- (c) adequate representation of each of The Trust's risk-sharing pools; and
- (d) the personal qualifications and experience of potential Trustees in risk management, administrative ability and/or fiduciary responsibilities.

4.3 Appointment of Trustees.

4.3.1 The Nominating Committee shall be responsible for submitting recommendations to the full membership in the event of a Trustee appointment or reappointment for eleven (11) Trustee positions. In 2003, The Board of Trustees shall appoint two (2) additional Trustees for initial terms ending December 31, 2005, thereby bringing the total number of Trustees to thirteen (13). Thereafter, the Nominating Committee shall be responsible for submitting recommendations to the full membership in the event of a Trustee appointment or reappointment for thirteen (13) Trustee positions.

Each Trust Member shall have one (1) vote in any Trustee appointment or reappointment. Said vote shall be cast by the chief executive officer of the Member, or in the event a Member has no chief executive officer, then the chief administrative officer of the Member. Provided, however, that the said chief executive officer or chief administrative officer may designate in a written certification to the President/Executive Director of The Trust that another Member official has been so appointed to cast said vote. Such designation shall continue in effect until rescinded or otherwise modified in writing by the chief executive officer or chief administrative officer with notice to the President/Executive Director of The Trust. Trustees subject to reappointment are allowed a vote.

4.3.2 The Rhode Island League of Cities and Towns Executive Director shall serve *ex-officio* on the Board of Trustees and on its Management Committee with full right to participate in all discussions but without any voting power.

4.4 Acceptance of Office of Trustee. Each Trustee shall accept the Office of Trustee by execution and delivery of a written acceptance of such appointment.

4.5 Tenure of Trustees. Each term of office of a Trustee shall be four (4) years in duration except for the initial terms of the two (2) additional Trustees appointed by the Board of Trustees in 2003. The terms of Trustees will be staggered. Trustees shall hold office until the expiration of the appointed term or the appointment and qualification of a successor Trustee, whichever later occurs. Notwithstanding the forgoing, in the event that a Trustee no longer meets the qualifications set forth in Section 4.2, the term of that Trustee shall immediately and automatically expire. In such event, the Trustee shall turn over and deliver to the President/Executive Director any and all records, books, documents, monies, or other property in the possession of such Trustee or under the control of such Trustee and pertaining to The Trust.

4.6 Resignation of a Trustee. A Trustee may resign by notifying the President/Executive Director in writing. Such written notice of resignation may state a prospective date upon which such resignation shall become effective; otherwise, such resignation shall become effective upon acceptance by the other Trustees. Upon the effective date of any such resignation, such Trustee shall become and be fully discharged from all further duties, responsibilities or liabilities

associated with such office. A Trustee, upon vacating such office, shall turn over and deliver to the President/Executive Director any and all records, books, documents, monies or other property in the possession of such Trustee or under the control of such Trustee and pertaining to The Trust.

- 4.7 Removal of a Trustee. A Trustee may be removed from office by the Board of Trustees with or without cause, by an act or decision of the Board of Trustees at any meeting called for that purpose, whenever in their judgment the best interests of The Trust will be served thereby. A Trustee may also be removed for the unexcused failure to attend two (2) consecutive meetings of the Board of Trustees, or two (2) consecutive meetings of a Committee of the Board of Trustees of which he or she is a member, or, in the aggregate, unexcused failures to attend four (4) meetings of the Board of Trustees and/or a Committee of the Board of Trustees of which he or she is a member in any twelve (12) month period. Upon such removal, the Trustee shall turn over and deliver to the President/Executive Director any and all records, books, documents, monies, or other property in the possession of such Trustee or under the control of such Trustee and pertaining to The Trust. The removal of a Trustee is without prejudice to the contract rights, if any, of the Trustee removed. The appointment of a Trustee, however, does not of itself create any contract rights.
- 4.8 Power of Other Trustees to Act in Case of a Vacancy. If a vacancy occurs in any office of Trustee for any reason, the remaining Trustees then in office shall have full power and authority to act until such vacancy is filled. The Board of Trustees shall have authority to appoint eligible persons to fill any vacancies on the Board of Trustees with the replacements to serve until the next meeting of the membership. At the next meeting of the membership after a vacancy occurs, the membership, pursuant to Section 4.3, may appoint a replacement to serve out the unexpired portion of the term of the vacant Trustee's position.
- 4.9 Regular Meetings. Regular meetings of the Board of Trustees shall be held at least four (4) times per year at such time and place as the Board of Trustees may designate. Unless otherwise provided by law, by the Articles of Association or by the Bylaws, written notice stating the place, day and hour of the meeting and the business to be conducted, shall be given to each Trustee not less than five (5) nor more than sixty (60) days before the date of the meeting, by or at the direction of the President/Executive Director or the Corporate Secretary. The Board of Trustees may provide by resolution the time and place for holding of additional regular meetings without notice other than such resolution. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, addressed to the respective Trustees at the address listed on the records of the Corporation.
- 4.10 Special Meetings. Special meetings of the Board of Trustees by a majority may be called at the request of the Chair, or by a majority of the Trustees. Through the President/Executive Director, the person or persons authorized to call any such Special meeting may fix the time and place for any such Special meeting. Any such Special meeting may be called upon with at least five (5) days written notice provided to each such Trustee. Such notice shall specify the date, time, place and purposes thereof.
- 4.11 Quorum. A quorum for the transaction of business at a duly-called meeting shall consist of a majority of the Trustees then serving.
- 4.12 Voting. All actions of the Trustees shall be by a majority vote of the Trustees present and voting at a duly-called meeting at which there is a quorum unless otherwise provided in the Bylaws.
- 4.13 Officers of the Board of Trustees. The Board of Trustees shall annually elect from among themselves a Chair and a Vice Chair. The Vice Chair shall preside at all meetings in the absence

- of the Chair. All such officers of the Board of Trustees may vote on any issue or matter properly before the Board of Trustees.
- 4.14 Officers of The Trust. The Board of Trustees shall annually elect (i) a President of the corporation, who shall also serve as Executive Director; (ii) a Treasurer of the corporation; and (iii) a Secretary of the corporation. The Treasurer shall oversee financial matters associated with The Trust. The Secretary shall cause the records of the proceedings of the meetings to be maintained.
- 4.15 Removal of Officers. Any officer elected or appointed pursuant to Section 4.14 may be removed by the Board of Trustees whenever, in their judgment, the best interests of The Trust will be served by such removal. The removal of such officer is without prejudice to the contract rights, if any, of the officer removed. The election or appointment of an officer does not of itself create any contract rights.
- 4.16 Expense Reimbursement of Trustees. The Board of Trustees may receive reimbursement for reasonable expenses properly and actually incurred in the course of acting as Trustees.
- 4.17 Liability of Trustees, Trust Officers or Agents. Officers and agents of The Trust, including the Board of Trustees, the President/Executive Director, and other Trust staff hired by the President/Executive Director, shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties. They shall not be liable for any mistakes of judgment or other action made, taken or omitted by them in good faith, nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of funds or failure to invest. No Trustee shall be liable for any action taken or omitted by any other Trustee. No Trustee shall be required to give a bond or other security to guarantee the faithful performance of their duties hereunder. The Trust shall defend and hold harmless any officer or agent for actions taken by the Board of Trustees or performed by the President/Executive Director within the scope of his authority for The Trust. The Trust may purchase insurance providing similar coverage for such Trustees, officers or agents.

ARTICLE V

POWERS AND DUTIES OF THE BOARD OF TRUSTEES, ITS COMMITTEES, ITS CHAIR AND THE PRESIDENT/EXECUTIVE DIRECTOR

- 5.1 General Powers of the Board of Trustees. The Board of Trustees shall have such powers as may be necessary or prudent to discharge their responsibilities in managing and controlling The Trust, whether or not mentioned herein, but including and again not limited to the following.
- 5.1.1 To do all acts, whether or not expressly authorized herein, which may be necessary or proper in connection with the operation of The Trust as a municipal self-insurance pool.
- 5.1.2 Determine the general policy for operation of The Trust that shall be followed by all committees, officers, agents and independent contractors employed by The Trust.
- 5.1.3 Make decisions for the conduct of the affairs of The Trust in accordance with the law and sound management.

- 5.1.4 To make, execute, acknowledge and deliver any and all documents that may be necessary or appropriate to carry out the powers herein granted.
- 5.1.5 To borrow or raise money for the purposes of The Trust in such amount, and upon such terms and conditions as the Board of Trustees shall deem advisable.
- 5.1.6 To hold cash, uninvested, for such length of time as the Board of Trustees may determine without liability for interest thereon.
- 5.1.7 To receive, hold, manage, invest and reinvest such monies and property of The Trust in stocks, bonds or other securities.
- 5.1.8 To designate a bank or banks as a depository of The Trust and to designate one (1) or more persons as are appropriate to withdraw sums therefrom for the purposes of The Trust.
- 5.1.9 To sue and be sued.
- 5.1.10 To have a judicial settlement of their accounts and judicial determination of any questions in connection with their duties and obligations hereunder, or in connection with the administration or distribution thereof. The costs and expenses, including accounting and legal fees, for such judicial settlement of accounts or other judicial determination shall be paid by The Trust as a general administrative expense to the extent permitted by applicable law.
- 5.1.11 To continue to have and to execute, after the termination of The Trust and until final distribution, all of the title, powers, discretions, rights and duties conferred or imposed upon the Board of Trustees hereunder, or by law.
- 5.1.12 To retain and transfer risk as beneficial to the Members and The Trust, including the right to purchase insurance and/or excess insurance and/or reinsurance with monies on hand, including monies in the loss fund; to approve contributions allocation models to fund for same; to provide for risk management services on behalf of Members.

The Board of Trustees may delegate any of the above enumerated powers in Section 5.1.1 to 5.1.12 to the Management Committee, the Risk Management Committee, the Investment and Audit Committee, the Underwriting Committee, the Employee Benefits Committee, or the President/Executive Director as may be determined to be appropriate from time to time and under such conditions as specified in Articles 5.3.1, 5.3.2, 5.3.3, 5.3.4, 5.3.5, 5.3.6 and 5.4 of the Bylaws. The powers enumerated below in Articles 5.1.13 and 5.1.14 may not be delegated.

- 5.1.13 To appoint from among themselves such working technical committees as helpful in delegating overall responsibilities.
 - 5.1.14 To appoint and remove a President/Executive Director who shall be responsible for the daily operations of The Trust and to work with the President/Executive Director through the Management Committee based upon the approved annual budget.
- 5.2 General Powers of the Chair of the Board of Trustees. The Board Chair shall have the following responsibilities:

- 5.2.1 To recommend to the Board of Trustees the names of individuals to serve on the various working Committees of the Board of Trustees.
- 5.2.2 To appoint or designate a Chair from among each of the Committee's members.
- 5.3 Committees of the Board of Trustees. These Committees are established as standing Committees of the Board of Trustees. As a condition of service on the Board of Trustees, a Trustee shall also serve on one (1) or more of the following five (5) Committees of the Board of Trustees: Management, Underwriting, Investment and Audit, Risk Management, and Employee Benefits.
- 5.3.1 Management. The Management Committee shall be comprised of the Board Chair and the Chairs of the following four (4) Board standing Committees – Underwriting; Investment and Audit; Risk Management; and Employee Benefits – provided that each Chair is also a Trustee. In the event a standing Committee Chair is not a Trustee, the Board Chair shall appoint another individual who is a member of that Committee to serve on the Management Committee. In addition, if the Vice Chair of the Board of Trustees is not also a standing Committee Chair, the Vice Chair shall be a member of the Management Committee. The Executive Director of the Rhode Island League of Cities and Towns shall also serve on the Management Committee in an *ex-officio* capacity with full right to participate in all discussions, but without voting power.
- This Committee shall be empowered to direct the President/Executive Director and to make any necessary administrative decisions in between regularly scheduled Board of Trustees meetings. Any action which may be taken at a meeting of the Board of Trustees may be taken without a meeting of the Board of Trustees by the Management Committee if consent in writing setting forth the actions so taken shall be signed by the Chair. The Management Committee cannot perform those functions of the Board of Trustees that are non-delegable under the Rhode Island Nonprofit Corporation Act, Chapter 6 of Title 7, as may be amended from time to time. Any action of the Management Committee may be reviewed and rescinded by vote of the Board of Trustees.
- 5.3.2 Underwriting. After considering the recommendations of the Chair, the Board of Trustees shall appoint five (5) qualified Trustees to an Underwriting Committee. The Underwriting Committee shall, in its discretion, have the abilities to: impose minimum premiums for each line of coverage; to impose surcharges when warranted by the degree of risk or loss experience; or to impose any other conditions deemed appropriate after an underwriting review. Notwithstanding the forgoing, any action or recommendation of the Underwriting Committee may be reviewed and rescinded and/or rejected by the Board of Trustees.
- 5.3.3 Investment and Audit. After considering the recommendations of the Chair, the Board of Trustees shall appoint qualified individuals, who may or may not be Trustees, but who shall be representatives of a Trust Member, to an Investment and Audit Committee. The Committee will advise and make recommendations to the Board of Trustees, the Management Committee, and/or the President/Executive Director concerning The Trust's investments, its investment policies, and its investment advisors. The Committee will be responsible for reviewing and commenting upon The Trust's annual financial audit. In no event, however, shall there be fewer than two (2) Trustees as members of the Investment and Audit Committee.
- 5.3.4 Risk Management. After considering the recommendations of the Chair, the Board of Trustees shall appoint qualified individuals, who may or may not be Trustees, but who

shall be representatives of a Trust Member, to a Risk Management Committee. The Committee will advise and make recommendations to the Board of Trustees, the Management Committee, and/or the President/Executive Director. In no event, however, shall there be fewer than two (2) Trustees as members of the Risk Management Committee.

5.3.5 Employee Benefits. After considering the recommendations of the Chair, the Board of Trustees shall appoint qualified individuals, who may or may not be Trustees, but who shall be representatives of a Trust Member, to an Employee Benefits Committee. The Committee will advise and make recommendations to the Underwriting Committee regarding the underwriting, rating and pricing of Member premiums and to the Board of Trustees, the Management Committee, and/or the President/Executive Director regarding the operation, services and policies of the Employee Benefits Pools and Programs. In no event, however, shall there be fewer than two (2) Trustees as members of the Employee Benefits Committee.

5.3.6 Nominating. The Nominating Committee shall be comprised of the Chairs of the Underwriting, Investment and Audit, Risk Management, and Employee Benefits Committees and shall be charged with recommending a slate of candidates for election by the Members to the Board of Trustees.

5.4 Powers and Duties of the President/Executive Director.

The President/Executive Director shall be the chief administrative and operating officer of The Trust, and shall be responsible for administering and coordinating all activities and employees of The Trust. Subject to policy and management oversight and goals and directives from the Board of Trustees or the Management Committee acting in lieu of the Board of Trustees pursuant to Section 5.3.1, the President/Executive Director shall have the following responsibilities:

5.4.1 To enter into any and all contracts and agreements for carrying out the purposes of The Trust and for the administration and operation of The Trust;

5.4.2 To employ such agents, advisors and counsel as may be reasonably necessary in collecting, managing, administering, investing and distributing the assets of The Trust, and to charge the expense thereof to The Trust;

5.4.3 To acquire, hold, own, rent or lease, alone or in conjunction with any other party or parties, and for use in connection with the purposes of The Trust, any property, real or personal, and to pay the appropriate pro rata part of the mortgage payments, property taxes, assessments, insurance, maintenance and ordinary repairs on all such property;

5.4.4 To prosecute and defend any and all actions affecting The Trust or its property; to compromise or settle any suit, claims or demands, or waive or release any rights relating to The Trust or its property, subject to limits of authority as may be imposed by the Board of Trustees or the Management Committee from time to time;

5.4.5 To develop an Annual Budget, both operating and capital, for submission to the Board of Trustees, and to expend Trust funds during the course of the year consistent with the budget as adopted by the Board of Trustees;

5.4.6 To draft and present new policy developments to the Board of Trustees, and to implement those decisions, accompanied by budget revisions where appropriate;

- 5.4.7 To manage and direct staff, committees, and outside vendors, including responsibility to:
 - 5.4.7(a) elect and hire Trust staff, and administer a merit-based personnel system;
 - 5.4.7(b) undertake disciplinary actions with respect to Trust staff, including dismissal with cause, as outlined in The Trust's Personnel Guidelines and/or any other such document;
 - 5.4.7(c) direct contracted professionals and service providers in a manner consistent with the goals of The Trust;
- 5.4.8 To monitor programs and policies and implement management controls of both a financial and non-financial nature;
- 5.4.9 To keep the Board of Trustees and the Management Committee fully informed as to the financial condition of The Trust and its respective self-insured pools;
- 5.4.10 To provide for risk management services to Members of The Trust;
- 5.4.11 To attend all meetings of the Board of Trustees and the Management Committee with the full right to speak and participate in the meetings, but with no right to vote;
- 5.4.12 To negotiate such contracts and agreements for outside vendors and for Trust personnel as may be necessary from time to time for the conduct of Trust business; and
- 5.4.13 To perform such other duties as may be assigned from time to time by the Board of Trustees or the Management Committee.

ARTICLE VI

DIVIDEND DISTRIBUTION

- 6.1 Board of Trustees May Declare Dividends. The Board of Trustees may declare dividends when funds available to pay for losses exceed known claims, an actuarially sound provision for case development, an actuarially sound provision for IBNR, and a provision for unrestricted surplus. Such dividend will be distributed in an equitable manner approved by the Board of Trustees among the Members of The Trust participating in the particular risk-sharing pool from which such dividend is taken.
- 6.2 Premium Credits In Lieu of Dividends. The Board of Trustees may take any dividend declared in accordance with Section 6.1 and apply it to future premium contributions in the form of a credit.

ARTICLE VII

LOSS FUND PROTECTION

- 7.1 Limits of Liability. The Trust will make or secure payment to or on behalf of each Member in accordance with the coverage elected by each Member and under criteria established for the payment of claims as provided by The Trust.
- 7.2 Excessive Losses. With respect only to Members participating in the Property/Liability Pool or the Public Safety Injured-on-Duty Program, in the event that a single or aggregate loss should exceed the amount of either single or aggregate coverage elected by a Member, then payment of the uncovered portion of such valid losses shall be the obligation of the individual Member or Members against whom the claim was made and perfected by judgment or settlement.
- With respect to the Property and Casualty Pools, the Health Pool, and the Dental Pool, in the event that one (1) or more covered losses should deplete or exhaust the Loss Fund and other insurance (including excess insurance) for that particular pool, then the Board of Trustees shall, pursuant to Section 7.3, impose an assessment on the Members participating in that particular pool in order to satisfy the covered losses.
- 7.3 Assessment. As indicated in Section 1.4, the Contributions of a Member may include an assessment for the protection of a Loss Fund. In the event that an assessment is required under Section 7.2, such assessment shall be made in an equitable fashion as determined by the Board of Trustees.
- 7.4 Adjustments in Scope and Limits. The Board of Trustees may adjust the scope of coverage, and limits of coverage and/or the amount of loss retention by the Loss Fund in consideration of loss experience, additional coverage required by Members, and amounts and scope of reinsurance coverage available.

ARTICLE VIII

TERMINATION

- 8.1 Term of Trust. The Trust shall continue until the Board of Trustees determine such continuance not to be practical or economically justified. The determination by the Board of Trustees that one (1) or more particular risk-sharing pools are being terminated does not terminate The Trust as a whole. The Trust may be terminated only by an instrument in writing approved and signed by three-quarters (3/4) of the Board of Trustees then serving in office. Notwithstanding the foregoing, the Board of Trustees shall continue to serve in office until all obligations of The Trust have been fully and finally discharged or adequately provided for. Thirty (30) days prior to the termination of The Trust, the Board of Trustees shall notify each Member of such termination.
- 8.2 Distribution of The Trust Assets. As soon as practicable after termination of The Trust, the Board of Trustees shall make appropriate provisions for the payment of all liabilities incurred prior to such termination. Upon the satisfaction of all obligations of The Trust, the Board of Trustees shall return all remaining assets of The Trust to the Members (which were Members for any one (1) or more complete Fiscal Years) in proportion that each such Member's total contributions in connection with programs offered by The Trust to its Members during all Fiscal Years throughout

which it was a Member, bears to the total contributions of all such Members during all Fiscal Years of The Trust.

In the event that only one (1) or more of the particular risk-sharing pools are terminated, the assets remaining from that particular pool (if any after satisfaction of all obligations) shall be returned to the Members of that pool as may be specified in any Membership Participation Agreement or Board of Trustee approved equity distribution policy in effect at the time of the termination of that pool or pools; or lacking such specific direction, then as a Member's pro rata share of its contributions to total Members' contributions.

- 8.3 Deficiencies. No Member shall be responsible for any claim(s) or judgment(s) against any other Member or Members except to the extent of the assets of the Loss Fund, any insurance carried by The Trust and assessment as provided herein. However, if on cessation of activities as provided in Section 8.1 and Section 8.2 the remaining assets of The Trust are insufficient to satisfy indebtedness of The Trust other than for claims or judgments against Members, such deficiency shall be made up by assessments against Members and former Members of The Trust by a fair and reasonable method established by the Board of Trustees.

ARTICLE IX

AMENDMENTS

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

ARTICLE X

GENERAL PROVISIONS

- 10.1 Title to The Trust. Title to The Trust shall be vested in and remain exclusively in the Board of Trustees and no Member shall have any right, title or interest in The Trust or 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 Non-alienation of Benefits. The Trust 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(s), and by such Trustees or representative(s), only to the extent and for the purposes as herein specifically provided.
- 10.3 Examination of Books and Records. The Board of Trustees, their agents, employees 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 exposure base upon which contributions are based.
- 10.4 Notice of Delivery of Documents. Any notice required to be given hereunder, except as otherwise provided, shall be 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.

- 10.5 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.
- 10.6 Construction. This Agreement is created and shall be construed in accordance with the laws of the State of Rhode Island. All questions pertaining to its validity or construction not otherwise preempted shall be determined in accordance with the laws of the State of Rhode Island. If any provision contained in the Bylaws, Articles of Incorporation, Membership Participation Agreement or Rules should be held unlawful, such provision shall be of no force and effect and such shall be treated as if such provision had not been contained therein.

Bylaws Initially Adopted June 26, 1986 - Effective July 1, 1986

Revisions:

*Nov. 17, 1987
Dec. 19, 1989
Dec 3, 1992
March 16, 1993 ratification to Sept. 17, 1991
June 22, 1993
June 28, 1994
October 7, 1995
March 26, 1996
October 31/November 1, 1996
January 28, 1997
January 20, 1998
June 29, 1999
April 8, 2002
October 18, 2002
January 16, 2003
April 1, 2003
October 26, 2004
January 31, 2006
April 7, 2008
June 24, 2008
June 16, 2010
October 13, 2015*