

MEMORANDUM

TO: Personnel, Legislative and Public Affairs Subcommittee

SUBJECT: Authorization for P-MRNRD to Participate in the NARD Intergovernmental Risk Management Pool Association

DATE: May 31, 2007

FROM: Pat Teer, Administrative Coordinator

The NARD Benefits Committee reviewed the final drafts of the NARD Intergovernmental Risk Management Pool Agreement and By-Laws of the NARD Intergovernmental Risk Management Pool Association at their May 22nd meeting. Both documents are attached. At that meeting, Joan Cannon of Koley Jessen, informed the Committee that the Nebraska Department of Insurance has given verbal approval of both documents. It is anticipated that the agreement and by-laws will be submitted to the Department of Insurance in July. Below is a resolution provided by the NARD that would authorize the P-MRNRD to participate in the NARD Risk Management Pool to provide risk management services and insurance coverages in the form of group self-insurance and reinsurance.

Also, to comply with the By Laws of the pool each district needs to designate a representative and alternate to serve on the Risk Pool Board. It is my understanding that most NRD's are appointing their NARD Representative and Alternate to serve in that capacity. The District's NARD Director is Rich Tesar and NARD Alternate Director is Tim Fowler. The first meeting of the Risk Pool Board is scheduled for June 18, 2007 following the NARD Board meeting.

It is management's recommendation that the Subcommittee recommend to the Board that the NARD Intergovernmental Risk Management Pool Agreement and By-Laws be approved and that the following resolution be adopted:

PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT RESOLUTIONS OF THE BOARD OF DIRECTORS

WHEREAS, the Nebraska Intergovernmental Management Act, *Neb.Rev.Stat. § 44-4301, et seq.*, (Reissue 2004) (the "Act") permits two or more public agencies to make and execute an agreement providing for joint and cooperative actions to form, become members of, and operate a risk management pool for the purpose of providing to the members risk management services and insurance coverages in the form of group self-insurance and reinsurance and the Interlocal Cooperation Act of the State of Nebraska, *Neb.Rev.Stat. § 13-801, et seq.*, (Reissue 2004) (the "Interlocal Act") (the "Act" and "Interlocal Act" collectively shall be referred to as the "Acts") permits two or more public agencies to make and execute an agreement providing for joint and cooperative actions;

WHEREAS, the Board of this Natural Resources District Office ("NRD") of the State of Nebraska desires to provide self-insured group health and dental insurance coverage to its employees and their dependents through the use of a risk management pool under the Act and the Interlocal Act;

WHEREAS, the Nebraska Association of Resources Districts Intergovernmental Risk Management Pool Association has been established by the NARD and adopting local natural resources district offices, effective as of July 1, 2007; and

WHEREAS, the Board believes it is in the best interests of its citizens to join with the Nebraska Association of Resources Districts and other local Natural Resources District offices of the State of Nebraska to establish, maintain, and operate a risk management pool to provide self-insured group health and dental insurance coverages for the employees and their dependents of such entities in accordance with the Acts and its applicable regulations.

NOW, THEREFORE, the Board of this hereby adopts the following resolutions:

RESOLVED, that the establishment, participation in, and operation of a risk management pool, the Nebraska Association of Resources Districts Intergovernmental Risk Management Pool Association, for the purpose of providing self-insured group health and dental insurance coverage, with reinsurance, for the employees and their dependents of this district office is hereby authorized and approved.

RESOLVED FURTHER, that the Nebraska Association of Resources Districts Intergovernmental Risk Management Pool Agreement, a copy of which is attached hereto as Exhibit "A" ("Pool Agreement") and the By-Laws of the Nebraska Association of Resources Districts Intergovernmental Risk Management Pool Association, a copy of which is attached hereto as Exhibit "B" ("By-Laws") are hereby authorized and approved.

RESOLVED FURTHER, that management is hereby authorized and directed to take such actions as may be necessary or appropriate to fully implement these resolutions, including, but not limited to, execution of the Pool Agreement and Bylaws and any other necessary documentation, preparation and submission of any proper and necessary regulatory filings and the preparation and distribution of proper notices and explanatory booklets and materials to employees and their dependents are hereby authorized and approved.

And

That Director Rich Tesar be appointed the P-MRNRD Representative on the NARD Risk Pool Board and Director Tim Fowler be appointed as the Alternate.

**NEBRASKA ASSOCIATION OF RESOURCES DISTRICTS
INTERGOVERNMENTAL RISK MANAGEMENT POOL AGREEMENT**

This Nebraska Association of Resources Districts Intergovernmental Risk Management Pool Agreement ("Agreement") is made and entered into this _____ day of _____, 2007, by and between the Nebraska Association of Resources Districts (hereinafter "NARD") and the undersigned Natural Resources District or Public Agency of the State of Nebraska (hereinafter "Member").

WITNESSETH:

WHEREAS, the Nebraska Intergovernmental Management Act, *Neb.Rev.Stat. § 44-4301, et. seq.*, (Reissue 2004) (the "Act") permits two or more Public Agencies, as defined below, to make and execute an agreement providing for joint and cooperative action to form, become members of, and operate a risk management pool for the purpose of providing to members risk management services and insurance coverages in the form of group self-insurance and stop loss insurance, excess insurance, and/or reinsurance to provide health and dental insurance to the employees of and the dependents of such employees of the Members and the Interlocal Cooperation Act of the State of Nebraska, *Neb.Rev.Stat. § 13-801, et seq.*, (Reissue 2004) (the "Interlocal Act") (the "Act" and "Interlocal Act" collectively shall be referred to herein as the "Acts") permits two or more public agencies to make and execute an agreement providing for joint and cooperative actions;

WHEREAS, the NARD and Member have determined that there is a need to establish a risk management pool under the Act to provide for self-insured group health and dental insurance for the employees of and the dependents of the employees of the NARD and Member;

WHEREAS, the NARD and Member desire to make and execute an agreement providing for joint and cooperative action in accordance with the Acts to form, become members of, and operate a risk management pool for the purpose of providing to Members risk management services and insurance coverages in the form of self-insured group health and dental coverage, including any combination of group self-insurance, stop loss insurance, excess insurance or reinsurance, to provide health and dental insurance for the employees of and the dependents of the employees of the NARD and Member; and

WHEREAS, the NARD and Member believe that it is in the best interest of the employees of the NARD and Member to establish such a risk management pool in order to provide affordable health and dental insurance to their employees and their dependents.

NOW, THEREFORE, in consideration of the above promises, the NARD and Members have agreed as follows:

1. Definitions.

1.1 "Act," unless otherwise indicated, shall mean the Nebraska Intergovernmental Risk Management Act, *Neb.Rev.Stat. § 44-4301 et. seq.*, (Reissue 2004), and all amendments thereto.

1.2 "Actuary" shall mean an individual who is a member of the Society of Actuaries and a Member of the American Academy of Actuaries who meets both of the

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following requirements: (i) is independent of the Pool, the NARD, any NRD and any Member; and (ii) has the prior written approval of the Director of the State of Nebraska Department of Insurance to sign loss reserve opinions.

1.3 "Agreement" shall mean this Nebraska Association of Resources Districts Intergovernmental Risk Management Pool Agreement.

1.4 "Association" or "NARD" shall mean the Nebraska Association of Resources Districts.

1.5 "Board" shall mean the Board of Directors of the Pool.

1.6 "By-Laws" shall mean the bylaws governing the operation of the Pool.

1.7 "Department" shall mean the State of Nebraska Department of Insurance.

1.8 "Group self-insurance" shall mean the pooling of public money by a risk management pool from contributions by its members for the purpose of payment of losses incurred by members which are protected against by the pool.

1.9 "Interlocal Act" shall mean the Interlocal Cooperation Act of the State of Nebraska, *Neb.Rev.Stat. § 13-801, et seq.*, (Reissue 2004) and all amendments thereto.

1.10 "Member" shall mean the local Natural Resources Districts or other Public Agencies of the State of Nebraska that have passed resolutions pursuant to law entering into this Agreement and have executed a copy of this Agreement. The NARD shall also be a Member.

1.11 "NRD" shall mean any local Natural Resources District office in the State of Nebraska.

1.12 "Pool" shall mean the Nebraska Association of Resources Districts Intergovernmental Risk Management Pool Association.

1.13 "Public Agency" means any county, city, village, public power district, rural fire district, or other political subdivision of the State of Nebraska, the University of Nebraska, and any corporation whose primary function is to act as an instrumentality or agency of the State of Nebraska, but excluding any school district and educational service unit.

2. Risk Management Pool. The NARD and all Members who execute a copy of this Agreement hereby organize pursuant to the Act and the Interlocal Act a risk management pool association for the purpose of providing to the NARD and Members risk management services and group self-insurance coverage in the form of self-insured group health and dental insurance with stop loss insurance, excess insurance, or reinsurance in excess of such self-insured group health and dental coverage for the employees of and the dependents of the employees of the Pool, NARD and all Members in good standing with the Association for an unlimited duration until formally terminated as provided for herein.

3. Purposes. The purpose of this Agreement is to establish a risk management pool association whereby the NARD and Members may fund and administer a self-insured group health insurance program and a self-insured group dental insurance program and contract for stop loss insurance, excess insurance, and/or reinsurance to cover the employees

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of and the dependents of employees of the Pool, NARD and all Members over and above the self-insured limits of each program.

4. Powers. In order to carry out these purposes, the Pool shall exercise and enjoy all the powers, privileges and authority exercised or capable of exercising by a Pool created pursuant to the Act, including, but not limited to, the power to issue bonds or other obligations on behalf of the NARD or Members or to otherwise assist in the issuance by the NARD or Members of such obligations; provided, however, that nothing herein shall prevent any of the parties hereto from separately exercising any such powers, privileges or authority. The Pool shall specifically have the power to sue and be sued, make contracts, hold and dispose of real and personal property, borrow money, contract debt, and pledge any Pool assets in the name of the Pool. The power to make contracts prescribed in the foregoing sentence shall specifically include the power to establish a risk management pool as a separate legal or administrative entity.

5. Financial Plan.

5.1 The Pool shall offer self-insured health and dental insurance coverage to the employees of and the dependents of the employees of the Pool, NARD and Members up to the maximum level per insured person which the Pool will self-insure as set forth in the attached Schedule I of this Agreement. The Pool shall acquire stop loss insurance, excess insurance, or reinsurance over and above the self-insured limits for the group health and dental coverages as referenced in Section 5.3 below.

5.2 The amount of cash reserves to be set aside for the payment of claims and claims incurred but not reported shall be determined by a qualified, independent Actuary in accordance with applicable law and guidance on an annual basis and shall be specifically approved annually by the Board of Directors, filed with the Department as required by applicable law and guidance, and set forth in writing and attached hereto as Schedule II to this Agreement.

5.3 The stop loss insurance, excess insurance and/or reinsurance to be purchased by the Pool to provide coverage over and above the claims which are not satisfied directly from the Pool's resources and are self-insured shall be reviewed, renewed and approved on an annual basis by the Board and the Department and shall be set forth in writing as Schedule III to this Agreement.

6. Plan of Management.

6.1 Board of Directors. The Pool shall be governed by a Board of Directors who are elected or appointed officials of the Members. The number of members of the Board of Directors who are either elected or appointed officials shall not be less than the requisite number of Members needed to transact all of the business of the Pool.

6.2 Duties of Board. It is the responsibility of the Board of Directors to:

- a. Fix annual contributions from Members to the Pool.
- b. Maintain reserves, levy and collect from Members assessments for deficiencies.
- c. Dispose of any surplus and administer the Pool in the event of termination or insolvency.

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d. Establish and maintain the self-insured health and dental coverage for the employees of and the dependents of the employees of the Pool, NARD and Members.

e. Ensure that all claims covered by the self-insurance and any stop loss insurance, excess insurance, or reinsurance are promptly and properly paid;

f. Take all necessary precautions to safeguard the assets of the Pool.

g. Maintain minutes of all meetings.

h. Make and enter into any and all contracts, leases, and agreements necessary or desirable for the administrative and management services required by the Pool and otherwise necessary or desirable to carry out any of the powers granted or duties imposed under this Agreement, the Pool's By-Laws, applicable law or regulation.

i. Interview, select and contract with a qualified, independent Actuary or an independent consulting firm which employs a qualified Actuary, a qualified, independent claims administration service provider, or other qualified, independent service providers as deemed necessary by the Board to carry out the intent and purpose of the Pool, including but not limited to, an independent investment brokerage firm, an independent insurance consulting firm, an independent accounting or auditing firm, and law firm.

j. Notify the Department of the existence of the Pool and file with the Department all documentation required by the Act including the necessary filings to obtain and maintain a Certificate of Authority from the Department for the Pool.

k. Notify the Department thirty (30) days in advance of any change in the contribution level of the Members, any change in the coverages offered by the Pool, and any amendments to the Agreement establishing the Pool.

l. Establish the rating plan to be used by the Pool.

m. Authority to sue and be sued, make contracts, hold and dispose of real and personal property, borrow money, contract debt, and pledge Pool assets in the name of the Pool.

n. Establish a system or program of loss control, including establishment of a loss control committee to advise the Board on a periodic basis on loss control management.

o. Establish and oversee the duties and responsibilities of an executive director of the Pool.

p. Interview, select, and contract with an executive director of the Pool.

q. Such other powers as are necessary to carry out the terms of the Agreement.

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6.3 Election or Appointment of the Board. Each Member shall elect or appoint one individual to serve as a member of the Board of Directors of the Pool and one alternate member of the Board in accordance with the By-Laws.

7. Participation.

7.1 Each Member hereby agrees to participate in the Pool for an initial thirty-six (36) month period following the effective date of the Member's participation in the Pool, except that coverage under the self-insured group health and dental insurance or participation in the Pool may be suspended or terminated for nonpayment of premium assessments, or fees or other violations of the terms of this Agreement or the Act. Participation in the Pool shall not be effective until approved in the resolutions of the board of directors of a Member and approved by the Department. Participation in the Pool shall continue after the initial 36-month period until a Member withdraws, membership is terminated or the Pool is dissolved.

7.2 A Member may withdraw from participation at any time after the initial thirty-six (36) months of participation in the Pool, effective as of the last day of the fiscal year of the Pool, by written notice of withdrawal given to the Board of the Pool and to the Department at least one (1) year prior to the effective date of the withdrawal from the Pool. Such withdrawal shall not be effective until approved by the Department as provided under applicable law and guidance.

7.3 After participation in the Pool ceases, the Member shall remain liable for its share of any costs and obligations incurred by the Pool while the Member was a participant and any contractual obligations the Member has entered into with the Pool on or before the effective date of the withdrawal or termination as provided by this Agreement and the Act.

7.4 Each Member shall be required to maintain its membership in good standing with the NARD in order to participate or to continue participation in the Pool.

7.5 A Member who has withdrawn from participation in the Pool may apply for participation again in the Pool after a lapse of three fiscal years from the effective date of the Member's withdrawal from the Pool. The three-year waiting period is exclusive of the one-year notice requirement to withdraw from participation in the Pool and begins to run after the end of such one-year notice period when the withdrawal from the Pool is effective. Participation again in the Pool is subject to 2/3 approval by the Board of Directors, payment of any applicable premiums, assessments, and fees and any prior amounts due and owing to the Pool or NARD, execution of the Agreement and approval by the Department.

8. New Members. Any NRD or other Public Agency is eligible to make an application to the Pool for participation in the Pool. The applicant must provide any information requested by the Board prior to becoming a Member of the Pool. The applicant must enter into this Agreement by resolution passed by its governing Board and pay any applicable application fee. The Board, in its sole discretion, shall accept or reject each application. Each applicant shall become a Member of the Pool upon the approval of the application by the Board and due execution of the Agreement, subject only to approval by the Department, if required by law or regulation.

9. Termination of a Member. A Member may be involuntarily terminated as a Member of the Pool if after due notice and a hearing, the Department finds that the Member has

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failed to pay its contributions, premiums, assessments or fees to the Pool, has failed to discharge any other obligation it owes to the Pool or has violated state law or the By-Laws of the Pool. Such hearing may be initiated by the Director of the Department or at the request of the Pool's Board of Directors.

10. Funding.

10.1 The Pool shall be funded as provided for in the By-Laws and as determined by the Board. The funding shall be determined and approved by the Board on an annual basis and submitted for approval to the Department as required by applicable law and guidance. Such funding may include a deposit contribution by the NARD and Members, a retrospective contribution adjustment, and an annual assessment. Nothing in this Agreement shall limit the NARD or Members from obtaining grants or other means of funding for the Pool.

10.2 If the assets of the Pool are at any time insufficient to enable the Pool to discharge its liabilities and other obligations and to maintain adequate reserves and surpluses in accordance with reasonable determinations by the Department, the Pool shall make up the deficiency or the Director of the Department shall order the Pool to levy an assessment upon its Members in an amount necessary to make up the deficiency. If the liquidation of the Pool is ordered, an assessment shall be levied upon its Members for such amount as the Director of the Department determines is necessary to discharge all liabilities of the Pool, including the reasonable costs of liquidation.

11. Loss Reserves. The Pool shall maintain reserve funds adequate to pay claims and claims incurred but not reported. The Pool shall also maintain any surplus deemed appropriate by the Board and meets the regulations of the Department. The capital surplus, and other funds, or any part thereof, of the Pool may be invested as authorized under the Insurers Investment Act of the State of Nebraska for an insurer.

12. Liability. Neither the NARD nor any Member of the Pool shall by reason of this Agreement have any liability for claims brought by third parties against any other Member other than the obligation to contribute certain funds to the Pool as expressly provided herein. The liability for any claim against a Member shall remain the sole and exclusive liability of the Member. The obligation of the Pool is to indemnify the Member against such loss as provided by the self-insured health and dental insurance to the extent and under the conditions contained herein.

13. Dividends. Upon approval of the Board and the Department, the Pool may issue dividends to Members as provided under applicable law and guidance.

14. Bank Accounts. The Pool shall establish bank accounts necessary to carry out the terms of the Agreement. The Board shall be responsible for establishing certain controls to safeguard all funds held by or on behalf of the Pool. All funds shall be invested so that the Pool is managed in a conservative and prudent manner and in compliance with Section 11 above. The Board may hire an investment or financial advisor for the purpose of investing any reserves or other monies collected or held by the Pool.

15. Financial Records. The Board shall maintain complete financial records for each type of coverage provided by the Pool. Such financial records shall include the amount of reserves and surplus by exposure area as required by applicable law and guidance.

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16. Annual Report. The Board shall prepare an annual report of the affairs and operations of the Pool and provide such to Members and the Department as required by applicable law and guidance.

17. Inspection and Audit. The Board may permit or direct an inspection and audit of the Pool or any service provider in its sole discretion at any time.

18. Principal Place of Business. The Pool shall establish a principal place of business at 601 South 12th Street, Suite 201, Lincoln, Nebraska 68508, or such other appropriate location as determined by the Board. The Board may employ necessary staff and may purchase, lease, or rent real and personal property in order to carry out the business and purpose of the Pool.

19. No Private Benefit. No part of the net earnings or assets of the Pool shall inure to the benefit of any private person.

20. Dissolution of the Pool. The Pool shall be dissolved when all Members in the Pool have ceased to participate or at such time as the Board shall determine that the number of Members and/or the size of the Pool is too small to adequately indemnify against the risks specified in the self-insured group health and dental insurance and any stop loss insurance, excess insurance, or reinsurance. The Board shall be required to give each Member ninety (90) days written notice prior to the effective date of any termination or dissolution of the Pool. Upon termination of the Pool, the Board shall be responsible for adequate provision for all pending and anticipated claims. The Board shall submit a written request to the Department for approval of the termination of the Pool as provided by applicable law. The final termination of this Agreement shall occur upon the termination according to this paragraph, the payment of all amounts owed by the Members in full, and the payment of all amounts owed for claims and other expenses in full. At the termination of the Pool's existence, any surplus funds in the Pool over and above those necessary to pay or reserve against the expenses and liabilities of the Pool shall be distributed among the existing Members in the Pool. Such distributions shall be allocated among such Members in proportion to the contributions made by each Member.

21. Conformity with Law. In the event any term or provision of this Agreement or the By-Laws shall be in conflict with applicable statutes and regulations of the State of Nebraska as they now exist or are hereafter amended, this Agreement shall be automatically deemed amended to conform to such applicable statutes and regulations. In the event that any section, provision, or clause or other portion of this Agreement or the By-Laws should be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability with respect to other sections, clauses, provisions, applications or occurrences, and this Agreement is expressly declared to be severable.

22. Effective Date. The effective date of the Pool shall be July 1, 2007.

23. Fiscal Year. The fiscal year of Pool shall begin on July 1st of each year and shall end on June 30th of each year, or such other fiscal year as determined by the Board.

24. Execution in Counterpart. This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one in the same document.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth in the attached Resolution.

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**NEBRASKA ASSOCIATION OF RESOURCES DISTRICTS
INTERGOVERNMENTAL RISK MANAGEMENT POOL AGREEMENT**

IN WITNESS WHEREOF, that the _____ Natural Resources District Board of Directors has:

1. Approved the document entitled Nebraska Association of Resources Districts Intergovernmental Risk Management Pool Agreement; and

2. Agreed to enter into the Agreement for the formation of and participation in the Nebraska Association of Resources Districts Intergovernmental Risk Management Pool Association, effective as of July 1, 2007; and

3. Authorized the Chairman of the Board of Directors of the said NRD office to execute the Agreement with the Pool on behalf of the said NRD office.

Passed and approved this _____ day of _____, 2007.

NATURAL RESOURCES DISTRICT

By: _____

Title: _____

Date: _____

NEBRASKA ASSOCIATION OF RESOURCES
DISTRICTS INTERGOVERNMENTAL RISK
MANAGEMENT POOL ASSOCIATION

By: _____

Title: _____

Date: _____

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By-Laws

of

**Nebraska Association of Resources Districts
Intergovernmental Risk Management
Pool Association**

**Adopted and Effective
July 1, 2007**

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ARTICLE I
OFFICES

Section 1. Pool Association. The Nebraska Association of Resources Districts (“NARD”) and participating Natural Resources Districts of the State of Nebraska (“NRD”) (collectively “Member” or “Members”) have formed an intergovernmental risk management pool association known as the Nebraska Association of Resources District Intergovernmental Risk Management Pool Association (“Pool”) pursuant to a fully authorized and executed agreement, the Nebraska Association of Resources Districts Intergovernmental Risk Management Pool Agreement (“Agreement”), in accordance with the Nebraska Intergovernmental Risk Management Act (*Neb. Rev. Stat. §44-4304* (Reissue 2004) and the Interlocal Cooperation Act of the State of Nebraska, *Neb. Rev. Stat. § 13-801, et seq.*, (Reissue 2004) (the “Interlocal Act”) (the “Act” and “Interlocal Act” collectively shall be referred to as the “Acts”). These By-Laws have been adopted pursuant to such Agreement as part of the plan of finance and plan of management for the Pool. Any capitalized term used in these By-Laws shall herein be defined the same as such term is defined in the Agreement.

Section 2. Offices. The principal office of the Pool in the State of Nebraska shall be located in the City of Lincoln. The Pool may have such other offices as the business of the Pool may require from time to time. The registered office of the Pool required by the Nebraska Nonprofit Corporation Act to be maintained in the State of Nebraska need not be identical with the principal office in the State of Nebraska.

ARTICLE II
MEMBERS

Section 1. Natural Resources District Members. The NARD and any Natural Resources District in the State of Nebraska (“NRD”) that is in good standing in the NARD shall be eligible for membership. Membership shall be subject to approval of 2/3 majority of the Board of Directors of the Pool (“Board” or “Board of Directors”). Except for the NARD, each Member who has paid its premiums, assessments and fees as provided for in Article VIII and is otherwise in good standing shall be entitled to place one person, who shall be a director of the Member NRD, on the Board of Directors of the Pool.

Section 2. Additional Members. Any Public Agencies, other than an NRD, shall be eligible for membership after the fifth anniversary of the initial formation of the Pool. Membership of other Public Agencies in the Pool shall be subject to approval of 2/3 majority of the Board of Directors and subject to prior approval by the Nebraska Department of Insurance (“Department”). Premiums, assessments and fees for additional Members shall be determined from time to time by resolution of the Board of Directors. Additional Members must sign the Agreement and pay any application fee determined by the Board of Directors prior to being admitted to the Pool.

Section 3. Programs and Activities. All Members of whatever class shall be entitled to participate in all programs and activities of the Pool.

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Section 4. Voting. Only directors of the Board of Directors are entitled to vote. Each director of the Board of Directors of the Pool is entitled to one vote. Directors may only vote in person and no vote by proxy shall be allowed.

Section 5. Participation. Each Member hereby agrees to participate in the Pool for an initial thirty-six (36) months after the effective date of the Member's participation in the Agreement, except that coverage under the self-insured group health program and self-insured group dental program or participation in the Pool may be suspended or terminated for nonpayment of premium or other violations of the terms of the Agreement or the Act. Participation in the Pool shall not be effective until approved in the resolutions of the board of directors of a Member and approved by the Department. Participation in the Pool shall continue after the initial 36-month period until a Member withdraws, membership is terminated, or the Pool is dissolved.

A Member may withdraw from participation at any time after the initial thirty-six (36) months of participation in the Pool, effective as of the last day of the fiscal year of the Pool, by written notice of withdrawal given to the Board of Directors of the Pool and to the Department at least one (1) year prior to the effective date of the withdrawal from the Pool. Such withdrawal shall not be effective until approved by the Department as provided under applicable law and guidance.

After participation in the Pool ceases, the Member shall remain liable for its share of any costs and obligations incurred by the Pool while the Member was a participant and any contractual obligations the Member has entered into with the Pool on or before the effective date of the withdrawal as provided by the Agreement and the Act.

Each Member shall be required to maintain its membership in good standing with the NARD in order to participate or to continue participation in the Pool.

A Member who has withdrawn from participation in the Pool may apply for participation again in the Pool after a lapse of three years from the effective date of the Member's withdrawal from the Pool. The three-year waiting period is exclusive of the one-year notice requirement to withdraw from participation in the Pool and begins to run after the end of such one-year notice period when the withdrawal from the Pool is effective. Participation again in the Pool is subject to 2/3 approval by the Board of Directors, payment of any application fees and any prior amounts due and owing to the Pool or NARD, execution of the Agreement and approval by the Department.

Section 6. Termination of Membership. If a Member shall be delinquent in the payment of premiums, assessments or fees as provided for in Article VII in excess of 60 days, such Member may be suspended and their membership terminated by the Board of Directors at its next regular meeting after such 60-day delinquency. Upon such termination, the Member shall have no right to vote or to enjoy any other privileges of membership unless such Member is reinstated in accordance with Section 7 below.

A Member may be involuntarily terminated as a Member of the Pool if, after due notice and a hearing, the Department finds that the Member has failed to pay its contributions, premiums, assessments or fees to the Pool, has failed to discharge any other obligation it owes to the Pool or has violated state law or the By-Laws of the Pool. Such hearing may be initiated by the Director of the Department or at the request of the Board of Directors.

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Section 7. Reinstatement of Member. A Member whose membership has been terminated for failure to pay premiums, assessments or fees shall be entitled to reinstatement by the Board of Directors upon the payment of all delinquent premiums, assessments and fees together with any delinquency fee as determined by the Board of Directors and any costs and obligations to the Pool and upon approval by the Department.

Section 8. Obligations of Members. Members of the Pool shall be responsible for the following:

(a) To appropriate for and to promptly pay all annual and/or supplementary payments to the Pool at such times and in such amounts as shall be established by the Board of Directors within the scope of the Agreement;

(b) To assist the Executive Director, the third-party claims administrator and any attorneys employed by the Pool in the investigation, settlement discussions and all levels of litigation arising out of any claims made against the Pool;

(c) To follow in its operations all policies and procedures established by the Pool and its Loss Control Committee within the purposes and powers of the Pool; and

(d) To furnish the Pool budget information and such other information requested by a Certified Public Accountant appointed by a majority vote of the Board of Directors to conduct an annual audit.

Section 9. Regional Representation. The twenty-three (23) natural resources district Members shall be divided into the following six (6) regions for representation on various Committees as authorized by these By-Laws:

Region 1: Lower Elkhorn
Upper Elkhorn
Lewis & Clark

Region 2: Lower Platte North
Lower Platte South
Pawnee-Missouri River
Nemaha

Region 3: Little Blue
Lower Big Blue
Central Platte
Upper Big Blue

Region 4: Middle Republican
Tri-Basin
Lower Republican
Upper Republican

Region 5: North Platte
South Platte
Upper Niobrara-White
Twin Platte

Region 6: Middle Niobrara
Upper Loup
Lower Loup
Lower Niobrara

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ARTICLE III
BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Pool shall be managed by its Board of Directors. The Board shall have such powers and responsibilities as stated in sections 4 and 6 of the Agreement and as allowed under applicable law and guidance.

Section 2. Number, Tenure and Qualifications. The number of directors of the Pool shall be the same as the number of Members. Each Member is entitled to select two individual elected officials (by whatever process such Member shall choose) of which one individual shall be a director of the Board of Directors of the Pool and the second individual shall be the Alternate to the first. No Member of the Nebraska Natural Resources Commission shall be qualified to serve as a director of the Board of Directors of the Pool. Each director shall hold office until the March Board of Directors meeting.

Section 3. Regular Meetings. Regular meetings of the Board of Directors shall be held in January, March, June, September and November during each calendar year. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or at least one-half of the directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place within the State of Nebraska as the place for holding any special meeting of the Board of Directors called by them.

Section 5. Annual Conference Meeting. During the month of September, in conjunction with the NARD Annual Conference, the Board of Directors shall meet and review the Pool's self-insured group health and dental programs, reinsurance coverages in place, claims reports and all internal and external reports relating to the administration and operation of the Pool that are required by these By-Laws.

Section 6. Notice. Notice of any regular meeting shall be given at least 10 days previously thereto by written notice delivered personally or mailed to the headquarters' office of each Member, or by facsimile. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted, nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting. Notice of the Annual Meeting and any special meeting shall be given at least 30 days previously thereto in accordance with the procedure described in this Section 6.

Section 7. Quorum. A majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

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Section 8. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except where a greater majority vote is required in these By-Laws.

Section 9. Vacancies. A vacancy occurring on the Board of Directors may be filled by the Member so affected in any manner that such Member deems appropriate. Provided, however, that such new director shall only be qualified after written notification signed by the Chairman of the Member Board has been received by the Pool. A director selected and qualified to fill a vacancy shall serve for the unexpired term of the predecessor in office.

Section 10. Compensation. Directors shall not be entitled to be paid an amount for attendance at meetings or a stated salary as director. Directors shall be reimbursed for actual expenses incurred by them while pursuing the business of the Pool if such expenses are not reimbursed by any other entity.

Section 11. Presumption of Assent. A director of the Pool who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall presume to have assented to the action taken unless their dissent shall be entered in the minutes of the meeting, or unless they shall file their written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Pool immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 12. Conduct at Meetings. Meetings shall be conducted in accordance with Roberts Rules of Order.

Section 13. Indemnity of Directors and Officers. This Pool shall indemnify any person serving or who may have served as a director or officer of this Pool, to the extent permitted by law including, but not limited to, the expenses actually and reasonably incurred by them in connection with the defense of any action, suit or proceeding, civil or criminal, in which they are made a party by reason of being or having been such director or officer of this Pool, except in relation to matters as to which any such director or officer, or former director or officer shall be adjudged in such action, suit or proceeding to be liable for misconduct in the performance of duties to the Pool.

ARTICLE IV **OFFICERS**

Section 1. Number. The officers of the Pool shall be a President, a Vice President, a Secretary-Treasurer, and an Executive Director, each of whom shall be elected by the Board of Directors, except for the Executive Director who shall be appointed. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors.

Section 2. Election and Term of Office. The officers of the Pool to be elected by the Board of Directors shall be elected annually by the Board of Directors at their regular meeting held in March. A nominating committee shall be appointed by the President in January to help in seeking

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out individuals to run for office. Each officer shall hold office until a successor shall have been duly elected and shall have qualified, or until death or resignation, or until such officer shall have been removed in the manner hereinafter provided. No one shall hold the office of President, Vice President, or Secretary-Treasurer for more than two (2) consecutive terms.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Pool would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. A vacancy in an office because of death, resignation, disqualification, removal or otherwise, may be filled by the Board of Directors, for the unexpired portion of the term.

Section 5. Executive Director. The position of Executive Director is created by the Agreement and shall be a salaried position, such salary to be determined by the Board of Directors. The Executive Director shall be the chief executive and operating officer of the Pool and, subject to the control of the Board of Directors, shall in general, supervise and control all of the business and affairs of the Pool. The Executive Director shall have such other duties as may be prescribed by the Board of Directors. The Executive Director shall be selected by means of a creation of a search committee. This committee shall consist of the Executive Committee of the Pool and as many other individuals, members or managers from the Members as deemed necessary. Upon selection by the search committee, the President, on behalf of the Board of Directors, shall enter into a written contract of employment with the Executive Director. Upon completion of the contract, the search committee shall no longer be needed.

Section 6. President. The President shall preside at all meetings of the Pool, the Board of Directors and the Executive Committee. The President shall also, at the Annual Meeting of the Pool and at such other times as deemed proper, communicate to the Pool or to the Board of Directors such matters and make such suggestions to promote the welfare and increase the usefulness of the Pool and shall perform such other duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. Vice President. In the absence of the President, or in the event of the President's death, inability or refusal to act, the Vice President shall perform the duties of President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned by the President or the Board of Directors.

Section 8. Secretary-Treasurer. The Secretary-Treasurer shall: (a) keep the minutes of the Board of Directors meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the Corporate records and of the Seal of the Pool and see that the Seal of the Pool is affixed to all documents, the execution of which on behalf the Pool under it's Seal is duly authorized; (d) have charge and custody of and be responsible for all funds and securities of the Pool; (e) receive and give receipts for monies due and payable to the Pool, from any source whatsoever, and deposit all such monies in the name of the Pool in such banks, trust companies and

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other depositories as shall be selected in accordance with the provisions of the Agreement and Article V of these By-Laws; and (f) in general, perform all of the duties as from time to time may be assigned by the President or by the Board of Directors. If required by the Board of Directors, the Secretary-Treasurer shall give a bond for the faithful discharge of the duties of such office in such sum and such surety or sureties as the Board of Directors shall determine.

Section 9. Salaries. No salaries shall be paid to any of the elected officers of the Pool.

ARTICLE V **CONTRACTS, LOANS, CHECKS AND DEPOSITS**

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Pool, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Pool and no evidences of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes or other evidences or indebtedness issued in the name of the Pool, shall be signed by such officer or officers, agent or agents of the Pool and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Pool shall be deposited from time to time to the credit of the Pool in such banks, trust companies or other depositories as the Board of Directors may select. All funds of the Pool shall be invested as directed by the Board of Directors and in compliance with the Insurers Investment Act, *Neb. Rev. Stat. §44-5101, et seq.*, as amended from time to time.

ARTICLE VI **COMMITTEES**

Section 1. Standing Committees. There is hereby established three (3) standing committees. The standing committees shall be designated as follows:

- (a) Executive Committee
- (b) Audit and Budget Committee
- (c) Loss Control Committee

Section 2. Executive Committee. The officers of the Pool shall serve as the Executive Committee of the Pool. The President shall appoint a past-president who currently serves on an NRD board as an ex officio (non-voting) member to the Executive Committee. The term of this

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ex officio member shall be the same as the term of the President. The Executive Director shall also serve as an ex officio (non-voting) member of the Executive Committee. The Executive Committee shall be vested with the responsibility to act upon matters requiring attention between regular Board meetings and provide overall direction to the Pool.

Section 3. Audit and Budget Committee. The Audit and Budget Committee shall be comprised of one representative from each of the six regions as described in Article 2, Section 9. The committee shall oversee income and expenses for the Pool. It shall review and monitor short-range and long-range plans and determine the fiscal impacts of such plans. The committee shall be chaired by the Secretary/Treasurer of the Pool.

This committee membership shall also consist of an ex officio (non-voting) member from the Managers Committee of the NRD's of the State of Nebraska. This manager shall be selected by the Managers Committee by whatever process they shall choose.

The committee shall have the responsibility to:

- (a) establish an annual budget for the Pool and submit the annual budget to the Board for approval.
- (b) make recommendations for funding current claims and claim reserves to the Board of Directors.
- (c) maintain oversight of the separate financial books and records of the Pool, which shall include identification of funds, claims and reserves by exposure area.
- (d) maintain oversight of the bank accounts of the Pool.
- (e) maintain oversight of and preparation of audited and unaudited financial statements and claim statements and reports by the independent public accounting firm or independent auditing firm contracted with the Pool. Both audited and unaudited financial statements and claims reports shall be reviewed and approved by the committee before submission to the Board of Directors for approval or submission to any regulatory agency.
- (f) prepare and provide quarterly reports to the Board and, upon approval and direction from the Board, to the Department.
- (g) prepare and provide annual reports to the Board and, upon approval and direction from the Board, to the Department, as required in these By-Laws and by applicable law.
- (h) cooperate with and work closely with the Department in a financial examination every four years or as required the Department.
- (i) adopt and maintain a written policy relating to the preparation of financial statements and adherence to standards of generally accepted accounting practices.

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(j) within thirty (30) days after receiving a written notice of the withdrawal of participation by a Member of the Pool, prepare and submit a written report, to the Board and, upon approval and direction from the Board, to the Department which discloses that the Member has submitted a written notice of withdrawal of participation in the Pool, the effective date of the withdrawal, whether the withdrawing Member and remaining Members of the Pool have paid all contributions, premiums, assessments, and fees due to the Pool, have discharged all other obligations owed to the Pool, and have complied with the laws of the State of Nebraska, applicable regulations issued by the Department, and these By-Laws of the Pool. Such report shall also project the effect on the Pool due to the Member's withdrawal from the Pool.

(k) consult with qualified, independent service providers as needed.

(l) advise the Board of Directors in all areas of responsibility at least on an annual basis.

Section 4. Loss Control Committee. The Loss Control Committee shall be comprised of the Executive Committee, and two participating employees of the NRD's from each region as described in Article 2, Section 9, who shall be appointed by the President of the Pool. The employee representatives may be recommended by the Managers Committee of the NRD's. No district may have more than one employee on the committee. The President may appoint additional Members to the committee. The committee shall be chaired by the President and shall meet at least three times a year. The committee shall make recommendations to the Board of Directors through the Executive Committee for any changes to the Pool programs.

The initial terms of the employee committee members shall be as follows: For odd numbered regional representatives, term shall begin in March 2007 and shall be an initial 1-year term. In March of 2008, and terms thereafter, employee committee members from odd numbered regions shall serve a 4-year term. For even numbered regional representatives, the term shall begin in March 2007 and shall be an initial 3-year term. In March of 2010, and terms thereafter, employee committee members from even numbered regions shall serve a 4-year term. The NRD managers shall hold regional caucuses in March of the even numbered years to recommend the employee committee appointments. The Chairman of the NRD Managers shall report the regional caucus selections to the President of the Pool. Any vacancies created shall be refilled by the President of Pool after receiving recommendations from the regional caucus of the vacated position.

The committee shall be responsible for the following:

(a) Oversight of the administration and management of the operations of the self-insured group health and dental programs of the Pool with the advice and recommendations of qualified, independent third-party service providers, including the claims administrator, Actuary, accountant, underwriter, or other qualified, independent service provider. The committee shall work closely with the third-party claims administrator in the oversight of the claims payments in each exposure area of the programs.

(b) Develop and utilize a loss control program to monitor and contain losses by exposure area in the self-insured group health and dental programs with the advice and recommendations of qualified, independent third-party service providers, including the claims administrator, Actuary, accountant, underwriter, or other qualified, independent service provider.

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(c) Obtain, review and submit to the Board for approval, on an annual basis, an opinion prepared by a qualified, independent Actuary of the determination of premiums and proper claims reserves, including claims incurred but not reported reserves, for the Pool. Upon the approval of such opinion by the Board, the Board shall, or at the direction of the Board, the committee shall, on behalf of the Board, submit the opinion to the Department as required by applicable law or guidance.

(d) Review annually or more frequently as necessary, the self-insured group health and dental insurance programs of the Pool, including coverages and recommended changes by qualified, independent third-party service providers.

(e) Review the reinsurance, excess insurance, or stop loss insurance in place and provide for the renegotiation of such reinsurance, excess insurance or stop loss insurance on behalf of the Pool on an annual basis.

(f) Ensure that the Pool or its designee maintains a comprehensive claims management information system that tracks claims, develops loss data, and prepares reports that are distributed to the Board of Directors on a regular basis or as requested, but no less frequently than once per year. The committee shall be responsible for obtaining and reviewing all reports prepared from the claims system and ensure that all reports are in a format understandable by the Board of Directors and complete and accurate in order to bring any problems to the attention to the Board of Directors.

(g) Prepare and maintain a written policy and procedures that provide guidance for claims settlement authority, settlement structure, internal review and external audit procedures for claims by appropriate, qualified service providers and adequate loss reserving opinions by a qualified, independent Actuary.

(h) Establish a litigation management program, reporting procedures, case management, ongoing monitoring, and tracking of legal expenses.

(i) Have the third-party claims administrator perform an internal claims review on a quarterly and annual basis. An internal review or internal claims audit shall mean a claims review, summary and audit of claims within a certain period of time in which the review or audit is performed by the independent third-party claims administrator who actually administers the claims under each coverage program.

(j) Have an external claims audit performed on an as-needed basis, but in no case less than once every three years. An external claims audit shall mean a qualified, independent third-party accounting, auditing, or consulting firm contracted with on behalf of the Pool to perform an independent, qualified claims audit of the claims administration under each coverage program.

(k) For each internal claims review and external claims audit, the committee shall:

- (1) have a report prepared;
- (2) review in detail each report;

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- (3) determine and ensure claims are being handled in a timely and efficient manner;
 - (4) determine and ensure claims are being handled in accordance with the terms of each coverage program;
 - (5) determine and ensure the claims audit report addresses whether the claim reserves are reasonable, whether the loss experience reports accurately reflect case reserves, claims handling, claims payments, and reserving practices, and whether any significant exceptions and/or deficiencies are noted in the audit report;
 - (6) ensure each internal claims review and external claims audit report is adequately reported to the Board and all Members of the Pool.
- (l) Adequately address any problems, exceptions or deficiencies in the claims payment and reporting processes.
- (m) Meet no less than three times a year, including the following meetings:
- (1) planning meeting in first quarter of each year;
 - (2) a renewal of reinsurance meeting in second quarter of each year;
 - (3) a stewardship meeting in third quarter of each year.
- (n) Meet and consult with the qualified, independent third-party claims administrator and qualified, independent Actuary, as needed, but in no event less than three times a year at the required meetings as provided this subsection of the By-Laws.
- (o) Prepare a report for the Board to provide the Department notification thirty (30) days in advance of:
- (1) any change in the contribution level of the Members, including historical claims and premiums as part of the notification filing;
 - (2) any change in the coverages offered by the Pool;
 - (3) any change in the claims administrator or service providers;
 - (4) any material change in the agreements with such administrator or service providers;
 - (5) any change in the Pool's By-Laws;
 - (6) any amendments to the Agreement establishing the Pool;

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- (7) any change in the stop loss insurance, excess insurance, or reinsurance agreements; and
- (8) the extent to which Pool funding will be raised through the issuance of bonds.

Such notice or report shall be accompanied by a statement setting forth the effect of such change on the Pool and its ability to operate in a manner which is not hazardous to the public. A copy of any amended documents shall be provided to the Department and accompanied by appropriate supporting opinions and information to the extent necessary and reasonably available.

- (p) Advise the Board in all areas of responsibility at least on an annual basis.

Section 5. Special Committees. The President, with approval by the Board of Directors, may from time to time, appoint other special committees as necessary in the carrying out of the Pool's purposes. Such committees shall not continue in existence for a period of longer than one (1) year unless such period is annually extended by the Board of Directors.

Section 6. Delegation of Authority. The Board of Directors shall by resolution adopted by a majority of the directors in office, delegate such authority as it deems advisable to the committees established as herein before provided in order to assist the Board in the management of the Pool. Provided, however, that no such committee shall have the authority of the Board of Directors to:

- (a) Amend, alter or repeal the By-Laws;
- (b) Elect, appoint or remove any member of any such committee or any director or officer of the Pool;
- (c) Amend the Articles of Incorporation;
- (d) Adopt a plan of merger or adopt a plan of consolidation with another pool;
- (e) Authorize the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Pool, or revoke proceedings therefore;
- (f) Adopt a plan for the distribution of the assets of the Pool;
- (g) Amend, alter or repeal any resolution of the Board of Directors which, by its terms, provides that it should not be amended, altered, or repealed by such committee.

Section 7. Appointments. The Board of Directors shall at its March meeting designate membership of the committees as provided for in Article VI. The term on each committee shall be for one (1) year and may be extended if all directors shall so agree.

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Section 8. Vacancies. Vacancies in the membership of any committee shall be filled in the same manner as the original appointment.

Section 9. Quorum. A majority of the members of a committee shall constitute a quorum for the transaction of business at any meeting of the committee.

ARTICLE VII
PREMIUMS, ASSESSMENTS AND FEES

Section 1. Premiums, Assessments and Fees. The Board of Directors shall establish, assess and collect premiums, assessments and fees from all Members. The amount of such premiums, assessments and fees shall be determined annually by the Board of Directors based upon the budgeted financial needs of the Pool during the next fiscal year.

Section 2. Budget. The proposed budget, which shall include the amount of premiums, assessments and fees, shall be presented at the March meeting of the Board of Directors and final action on the budget and premiums, assessments and fees shall be taken by the Board of Directors at its June meeting.

Section 3. Collection of Premiums, Assessments and Fees. The premiums, assessments and fees for each Member shall be paid in the year that such premiums, assessments and fees are assessed. Premiums, assessments and fees will become delinquent unless paid on the date due, and a Member may be suspended and membership terminated by the Board of Directors if such premiums, assessments or fees are delinquent for more than 60 days. The Board shall file a report to the Department when any Member becomes delinquent in the payment of its premiums, assessments or fees for more than 60 days.

ARTICLE VIII
RECORDS

The Pool shall keep correct and complete books and records of account, and shall also keep minutes of the proceedings of its Members, Board of Directors and committees having any authority of the Board of Directors; and shall keep at its principal office the names and addresses of its Members. An annual audit of the books and records of account shall be performed by an accounting firm selected by the Board of Directors. All books and records may be inspected by any Member, or their agent or attorney, or the Department, for any proper purpose, at any reasonable time.

ARTICLE IX
FISCAL YEAR

The fiscal year of the Pool shall begin on the first day of July and end on the last day of June in each year.

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ARTICLE X
SEAL

The Board of Directors shall provide a corporate seal, which shall be circular in form and shall have inscribed thereon the name of the Pool and the state of incorporation and the words 'Corporate Seal'.

ARTICLE XI
WAIVER OF NOTICE

Whenever any notice is required to be given to any Member or director of the Pool under the provisions of these By-Laws, or under the provisions of the Agreement, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII
AMENDMENTS

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the Board of Directors by 2/3 vote of the Board of Directors at any regular or special meeting of the Board of Directors; provided that a copy of any proposed amendment shall be mailed to each Member's headquarters thirty (30) days prior to the date of the meeting where such amendments will be considered and subject to approval by the Department.

Adopted by the Board of Directors of the Nebraska Association of Resources Districts Intergovernmental Risk Management Pool Association on the ____ day of _____ 2007.

_____, President

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