

**BYLAWS  
OF  
ARIZONA FIRE DISTRICT  
WORKERS' COMPENSATION POOL, INC.**

**SECTION 1  
OFFICES AND CORPORATE SEAL**

1.1 Principal Office. The corporation shall maintain a principal office in Arizona. The corporation may maintain offices and transact business at any place designated by the board of directors in the State of Arizona. The corporation's known place of business and mailing address is: Arizona Fire District Workers' Compensation Pool, Inc., 333 East Osborn Road, Suite 300, Phoenix, Arizona 85012.

1.2 Corporate Seal. A corporate seal is not required on any instrument executed for the corporation. If a corporate seal is requested by an outside third party, it shall be either a circle having on its circumference the words "Corporate Seal" or may be a circle having on its circumference "Arizona Fire District Workers' Compensation Pool, Inc."

**SECTION 2  
MEMBERS**

2.1 Members. The corporation has one class of Members, consisting of State of Arizona fire districts lawfully enacted under Arizona Revised Statutes Title 48, Chapter 5 as may be amended from time to time. The Members must be a party to a written contract with the corporation (the "**Participation Agreement**") to participate in a risk retention pool and make all payments to the corporation required by their Participation Agreement.

2.2 Admission of Members. Members will be admitted upon their execution of all documents necessary to join in the corporation and the corporation's workers' compensation pool.

2.3 Voting Rights of Members. Each Member is entitled to one vote on each matter brought before Members. Members are entitled to vote upon any proposed amendment to the articles of incorporation of the corporation and to elect the board of directors of the corporation at the annual meeting of Members.

2.4 Contributions. Contributions will be established in the manner provided in the Participation Agreement between this corporation and each Member.

2.5 Suspension and Removal. A Member will be suspended upon its failure to pay Contributions as required by its Participation Agreement. A Member will be removed upon termination of its Participation Agreement for any reason. During any suspension, and after termination, a Member may not vote or exercise any other right of a Member.

### SECTION 3 MEETINGS AND VOTING

3.1 Annual Meetings. The corporation shall hold annual meetings of Members on the date designated for such by the board of directors, typically at the beginning of the fiscal year. At the annual meeting, Members shall elect a board of directors and may transact any other business properly noticed before the meeting.

3.2 Special Meetings. The president may and the president or the secretary shall, on written request of a majority of the board of directors or of Members holding one-tenth of the outstanding votes of Members of the corporation, call special meetings of Members, for any purpose or purposes unless otherwise prescribed by statute. The written request and the notice of the special meeting shall state the purposes of the meeting and the business transacted at the meeting shall be limited to purposes stated in the notice.

3.3 Time and Place of Meetings. The board of directors, the president, or the secretary shall fix the time and place of all meetings of Members, annual, regular and special, all of which shall be public meetings. All meetings of Members shall be held at such time and place. Meetings may be held by means of conference telephone or other similar communication equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to such communication shall constitute presence in person at such a meeting.

3.4 Voting. Each voting Member is entitled to one vote, or such other voting rights as are provided by statute, in the articles of incorporation, or elsewhere in these Bylaws, in person, by proxy or by ballot. No proxy shall be voted or acted upon after eleven months from its date, unless the proxy provides for a longer period. Members may also vote by ballot as permitted by A.R.S. § 10-3708, as may be amended. All votes by Members may be conducted by electronic communication.

3.5 Notice of Meetings. The corporation shall give written or electronic mail notice of all meetings to each Member entitled to vote. The Members that are entitled to vote at the meeting shall be determined as of 12 p.m. on the business day before notice of the meeting is sent to Members. Such notice shall state the place, date, hour, and shall contain an agenda. Notice shall be given at least ten (10) days, but not more than sixty (60) days before the date of the meeting.

3.6 List of Members. The corporation shall prepare an alphabetical list of Members entitled to vote at each meeting, showing the name and address of each Member entitled to vote. The list shall be available at the meeting and may then be inspected by any Member.

3.7 Quorum and Adjournment. The holders of one-third of the votes entitled to vote at any meeting of Members, present in person, by proxy or ballot, shall constitute a quorum for the transaction of business except as otherwise provided by statute. If a quorum is not present at any meeting, Members present may recess and resume the meeting at a later date with less than twenty-four hours' notice and if, prior to recessing, notice is publicly given as to the time and place

of the resumption of the meeting or the method by which notice shall be publicly given. At an adjourned meeting, when a quorum is present, Members may transact any business they might have transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, the corporation shall give a notice of the adjourned meeting to each Member entitled to vote at the meeting.

3.8 Majority Required. When a quorum is present at any meeting, the vote of the holders of a majority of the voting power present and voting shall decide any matter properly noticed before the meeting, unless an express provision of a statute or of the articles of incorporation requires a different vote.

3.9 Waiver of Notice. Attendance of a Member at meeting shall constitute waiver of the right to notice pursuant to Section 3.5 of these Bylaws unless the Member objects at the commencement of the meeting that the meeting is not lawfully called or convened. Any Member may waive the right to notice of a meeting pursuant to Section 3.5 of these Bylaws by executing a written waiver of notice.

#### **SECTION 4 DIRECTORS**

4.1 Number and Election. The board of directors shall consist of at least three (3) and not more than nine (9) directors as established from time to time by resolution of the board of directors. Each director shall be an elected official of a public entity within the State of Arizona or an employee of a public entity within the State of Arizona as required under Arizona Revised Statutes Section 11-952.01, as may be amended from time to time. Except as provided in these Bylaws for the filling of vacancies, Members shall elect the directors at the annual meeting of Members under the following procedures:

- (a) At least 10 days (but not more than 60 days) before the annual meeting, the nominating committee (or, if none is appointed, the board of directors) will submit to Members a list of the persons nominated for election as a director;
- (b) At the annual meeting nominations also may be made by any Member; and
- (c) Each Member is entitled to one vote for each open position on the board of directors, but may not cast votes cumulatively. For example, if there were three open board of director positions and five people running for the board of directors, each member may cast one vote for each of three individuals but may not vote three times for one person.
- (d) Votes may be cast in such manner as determined by the board of directors, which may include voting by electronic means.

Each director shall hold office for a term of three (3) years or until a successor is elected and qualifies, or until such director's earlier resignation or removal, except that the initial terms of incoming directors may be staggered at two (2) years, three (3) years or four (4) years as necessary such that the terms of approximately one-third of the directors shall expire annually.

4.2 Vacancies. A majority of the directors then in office, though less than a quorum, or a sole remaining director may fill vacancies and newly created directorships. A director so chosen shall hold office until a successor is elected and qualifies, or until such director's earlier resignation or removal.

4.3 Powers. The board of directors shall manage the business of the corporation and may exercise all powers of the corporation and do all lawful acts and things permitted by statute or by the articles of incorporation. In order that the corporation may continue to qualify as a workers' compensation pool, the board of directors must observe and comply with all the terms of A.R.S. §11-952.01 and of all other applicable statutes. Consistent with A.R.S. §11-952.01 the corporation may:

- (a) establish offices where necessary in this state and employ staff to carry out the purposes of the corporation;
- (b) retain legal counsel, actuaries, auditors, engineers, private consultants, and advisors;
- (c) make and alter bylaws and rules pertaining to the exercise of its purpose and powers;
- (d) purchase, lease, or rent real and personal property as it deems necessary; and
- (e) enter into a financial services agreement with banks, and may issue checks in its own name; the corporation may invest its monies in equity securities, mutual funds, and investment funds registered with the United States Securities and Exchange Commission, debt obligations, and any eligible investment permitted by A.R.S. § 35-323, as may be amended; and
- (f) authorize the payment of all claims pursuant to and limited by the Member's Coverage Agreement with the corporation (the "**Coverage Agreement**") for which a Member incurs liability during the Member's period of participation in the corporation; provided that the corporation's obligation under this Subsection 4.3 shall be no greater than that required by A.R.S. § 11-952.01(k)(3), as may be amended from time to time.

4.4 Time and Place of Meetings. All meetings of the board of directors shall be held at such time and place within the State of Arizona as shall be stated in the written notice to Members, the public, and to the board of directors. Any meeting held by the board of directors for any purpose whatsoever shall be open to the public except for executive sessions authorized by the Arizona Open Meeting Law.

4.5 Annual Meetings. The board of directors shall hold its annual meeting immediately before or following the annual meeting of Members at the place and time specified in written notice given to Members and the public. If a quorum is not present, the board of directors may recess and resume the meeting at a later date with less than twenty-four hours' notice and if, prior to recessing, notice is publicly given as to the time and place of the resumption of the meeting or the method by which notice shall be publicly given.

4.6 Regular Meetings. The board of directors may establish a fixed time, date and place for regularly scheduled meetings during a specified calendar period. Regular meetings of the board of directors may be held without notice to Members or the public (except as required by the Arizona Open Meeting Law), if public notice of the meetings is given at the beginning of the calendar period specifying the calendar period for which the notice applies. Such notice shall state that an agenda for the meetings will be available at least twenty-four hours in advance and where and how to obtain a copy of such agenda.

4.7 Special Meetings. The president or the secretary may, and on written request of two directors shall, call special meetings of the board of directors on not less than twenty-four hours' notice to each Member personally or by telegram, telefax, e-mail or telephone, and to the public in writing.

4.8 Quorum and Adjournment. Except as otherwise specifically provided by statute or by the articles of incorporation, a majority of members of the board of directors then in office shall constitute a quorum of the board of directors. The concurrence of a majority of a quorum shall be sufficient to take action on any business of the board. If a quorum is not present, the directors present may recess and resume the meeting if public notice is given before recessing, stating the time, place and agenda for the resumption or the method by which public notice shall be given.

4.9 Waiver of Notice. Attendance of a director at a meeting shall constitute waiver of notice unless the director objects at the commencement of the meeting that the meeting is not lawfully called or convened. Any director may waive notice of any meeting by executing a written waiver of notice.

4.10 Director Resignation. Any Director may resign at any time by giving written notice to the Board, provided that such resignation shall be effective on the date of receipt of such notice or at any later time specified therein.

## **SECTION 5 OFFICERS**

5.1 Election of Officers. The initial board of directors shall elect the officers of the corporation at the initial meeting of the board of directors. Thereafter, the officers of the corporation whose terms are expiring shall be elected at the board's annual meeting. Officers shall be elected to three (3) year terms, including at least a president, a secretary and a treasurer, and, if available, a vice-president. The board of directors may elect such other officers and agents as it deems necessary or appropriate. Any number of offices may be held by the same person.

5.2 Tenure and Duties of Officers. Officers shall hold their offices at the pleasure of the board of directors, shall have the titles designated by the board of directors, and shall exercise the powers and perform the duties determined from time to time by the board of directors.

5.3 Vacancies. The board of directors may fill at any time a vacancy in any office because of death, resignation, removal, disqualification or otherwise.

5.4 President. The president shall preside over all meetings of the members and board of directors. The president, or (pursuant to a written delegation from the president) any officer of the Corporation, or any officer of the third party administrator of the Corporation shall sign all contracts and agreements, and all other instruments requiring execution on behalf of the Corporation.

5.5 Vice Presidents. There shall be as many vice presidents as the board of directors chooses to appoint. Vice presidents shall perform the duties assigned to them by the board of directors or the president. Any one of the vice presidents, as authorized by the board of directors, shall have all the powers and perform all the duties of the president if the president is temporarily absent or unable to act.

5.6 Secretary. The secretary shall keep, or cause to be kept, minutes of all meetings of Members, board of directors and committees. The secretary is the custodian of the corporate seal, if any, and shall affix it to documents when necessary or appropriate. The secretary shall give or cause to be given required notices of all meetings of Members or board of directors. The secretary shall have custody of the books and records of the corporation, except the books of account, and in general shall perform all the duties incident to the office of secretary of a corporation and such other duties as may be assigned by the board of directors or the president.

5.7 Treasurer. The treasurer shall have custody of the funds and securities of the corporation and the books of account. The treasurer shall see to the deposit of the funds of the corporation in the bank or banks the board of directors designates. The books of account shall be monitored on a current basis under the treasurer's direction and supervision. The treasurer shall render financial statements to the president and to all directors at proper times. The treasurer shall have charge of the preparation and filing of reports, financial statements, and returns as required by law.

## SECTION 6 COMMITTEES

6.1 Executive Committee. The board of directors may elect an executive committee consisting of the President and at least two other directors as elected by the board of directors (the size of the executive committee to be determined by resolution of the board of directors). Members of the executive committee shall serve at the pleasure of, and may be removed with or without cause at any time by, the board of directors. If a vacancy occurs on the executive committee, the vacancy may be filled only by the board of directors. The Executive Committee shall have and may exercise the powers of the board of directors between meetings of the board of directors, provided that (a) actions of the executive committee shall be subject to ratification of the full board of directors except where the calling of a meeting of the full board would be impracticable in the good faith determination of the executive committee and except where the full board specifically authorizes the executive committee to take action without subsequent ratification by the full board, and (b) the executive committee shall not possess any authority of the board of directors prohibited to it by law and may not (i) fill any vacancy on the board of directors or (ii) adopt amendments to the articles of incorporation or these bylaws. The board of directors may, by resolution, further restrict the power and authority of the executive committee. All meetings of the executive committee shall be held at such time and place within the State of Arizona as shall be stated in written notice to members, the public, and the board of directors. Any meeting of the executive committee for any purpose whatsoever shall be open to the public, subject to the terms of the Arizona Open Meeting Law. A quorum of the members of the executive committee may establish a fixed time, date and place for regularly scheduled meetings during a specified calendar period. Regular meetings of the executive committee may be held without notice to Members or the public (except as required by the Arizona Open Meeting Law), if public notice of the meetings is given at the beginning of the calendar period specifying the calendar period for which the notice applies. Such notice shall state that an agenda for the meetings will be available at least 24-hours in advance and where and how to obtain a copy of such agenda. Except as required by the Arizona Open Meeting Law, a quorum of the members of the executive committee may call special meetings of the executive committee on not less than 24-hours' notice to each member of the committee personally or by telegram, telefax, e-mail or telephone, and to the public in writing. Except as otherwise provided by statute, a majority of the members of the executive committee then in office shall constitute a quorum of the executive committee. The concurrence of a majority of a quorum shall be sufficient to take action on any business of the executive committee. If a quorum is not present, the members of the executive committee present may recess and adjourn the meeting if public notice is given before recessing, stating the time, place and agenda for the resumption or the method by which public notice shall be given. Attendance of a member of the executive committee at a meeting shall constitute waiver of notice unless the member objects at the commencement of the meeting that the meeting is not lawfully called or convened. Any member of the executive committee may waive notice of any meeting by executing a written waiver of notice.

6.2 Other Committees. The board of directors may establish other regular or special committees, including a nominating committee. The resolution establishing a regular or special committee shall set forth its powers and duties. In the discretion of the board of directors,

persons serving on a regular or special committee need not be directors. The corporation may pay members of regular or special committees compensation for attending committee meetings.

6.3 Minutes of Committee Meetings. Committees designated by the board of directors shall keep, or cause to be kept, minutes of such committee meetings and shall file the minutes with the secretary of the corporation.

## **SECTION 7 INDEMNIFICATION OF DIRECTORS AND OFFICERS**

7.1. Indemnification. Except as provided in these Bylaws, to the fullest extent permitted by the provisions of Arizona Revised Statutes Title 10, Chapters 24-40, as may be amended from time to time, the corporation shall hold harmless and indemnify each of its trustees, directors, and officers (“**indemnitee**”) against any and all liability and expenses incurred by indemnitee in connection with any threatened or actual proceeding or legal action resulting from indemnitee’s service to corporation or to another entity at corporation’s request.

7.2. Procedure. Indemnitee shall notify corporation promptly of the threat or commencement of any proceeding or legal action with respect to which indemnitee intends to seek indemnification. Corporation shall be entitled to assume indemnitee’s defense with counsel reasonably satisfactory to indemnitee, unless indemnitee provides corporation with an opinion of counsel reasonably concluding that there may be a conflict of interest between indemnitee and corporation in the defense of the proceeding or legal action. If corporation assumes the defense, corporation shall not be liable to indemnitee for legal or other expenses subsequently incurred by indemnitee.

7.3. Expense Advances. The corporation shall pay for or reimburse expenses, including reasonable attorneys’ fees in defending a proceeding or legal action pursuant to this Section 7 in accordance with A.R.S. § 10-3853, as may be amended.

7.4. Settlement of Claims. Corporation shall not be obligated to indemnify indemnitee for any amounts incurred in settlement if settlement is made without corporation’s prior written consent. Corporation shall not enter into any settlement that would impose any penalty or limitation on indemnitee without indemnitee’s prior written consent. Neither corporation nor indemnitee will unreasonably withhold consent to any proposed settlement.

7.5. Effect of Repeal. In order that indemnitee may rely on the indemnification promised by this Section, no repeal or amendment of this Section shall reduce the right of indemnitee to payment of expenses or indemnification for acts of indemnitee taken before the date of repeal or amendment.



**SECTION 8  
REPEAL, ALTERATION OR AMENDMENT**

These bylaws may be repealed, altered or amended or substitute bylaws may be adopted only by a majority of the board of directors at any time.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

DRAFT