



BYLAWS

MINNESOTA COUNTIES INTERGOVERNMENTAL TRUST

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ARTICLE I NAME

Section 1.1—Name of Organization

The name of the self-insurance pool created pursuant to Minn. Stat. Sec. 471.59 and Minn. Stat. Sec. 471.981 is the MINNESOTA COUNTIES INTERGOVERNMENTAL TRUST herein after referred to as "MCIT".

ARTICLE II PURPOSE OF MCIT

Section 2.1—Purpose

The purpose of MCIT is to establish a mechanism whereby participating Members may jointly:

- A. Develop and administer a risk management program;
- B. Prevent or lessen the frequency and severity of losses occurring in the operation of Member functions;
- C. Defend and protect, in accordance with the Joint Powers Agreement, Bylaws and coverage documents, any Member against stated liability or loss; and
- D. Provide other similar or related services and programs as determined by the Board.

Section 2.2—MCIT Membership Not to be Considered Insurance

Participation in MCIT shall not constitute the procurement of insurance or operating an insurance business, unless specifically stated by resolution of the Board.

ARTICLE III TERMS DEFINED

Section 3.1—Definitions

For the purposes of these Bylaws, the terms shall have the meaning as provided below:

- A. "Additional Covered Party" means an individual or entity that is not automatically included as a Member but for whom a Member's coverage document provides agreed coverage.
- B. "Agreement" means the joint powers self-insurance agreement entered into by Members.
- C. "Annual Renewal Notice" means a written notification to Members confirming continued membership qualification and contribution amounts payable to MCIT for the next plan year.
- D. "Assets" means all buildings, land, equipment, investments, cash, fund balance, reserves or any other physical or financial holdings of MCIT.
- E. "Board" means collectively the Minnesota Counties Intergovernmental Trust Board as created by the Agreement.

- F.** "Division" means a separate service or program unit within MCIT.
- G.** "Financial Administrator" means a person or institution qualified under Minn. Stat. Chapter 118A under contract with MCIT for investment of assets and other financial services.
- H.** "Fiscal Year" means the calendar year or other twelve (12) month period as designated by the Board.
- I.** "Member" means County Member, Sponsored Member, Associate Member or other class of member as defined in Article V of these Bylaws.
- J.** "Membership Class" means levels or types of membership within MCIT with differing Member rights, privileges or obligations.
- K.** "Plan Year" means the calendar year or other twelve (12) month period as designated by the Board.
- L.** "Service Company" means a person licensed under Minn. Stat. Sec. 60A.23, Subd. 8 that provides a full range of professional self-insurance pool services.
- M.** "Third-Party Administrator" means a person that provides claims administration services including but not limited to claims payment, billings, filing of required forms and reports, collections, accounting and auditing of funds.

ARTICLE IV DIVISIONS

Section 4.1—Power to Create Divisions

The Board shall be empowered to create Divisions within MCIT as needed for the separation of MCIT programs. The Board shall preside over and supervise the management, business and affairs of each Division.

Section 4.2—Separation of Assets and Liabilities

MCIT shall separate each Division within its financial accounting system. The Assets of one Division may not be used to satisfy the liabilities of another Division.

ARTICLE V MEMBERSHIP

Section 5.1—Membership Eligibility

Membership in MCIT shall be open to any governmental unit, or other political subdivision as set forth in Minn. Stat. 471.59 Subd. 1, and Minn. Stat. 471.981, or other entity that is determined by the Board to qualify for membership who is also included in the definition of "Municipality" as defined in Minn. Stat. 466.01 Subd.1.

Entities seeking membership in MCIT shall submit an application for membership to MCIT in accordance with operating policies and procedures. The application shall include the executed Agreement with membership subject to Board approval.

Non county entities seeking membership in MCIT must be sponsored by: a County Member; other eligible sponsor as determined by the Board; or the MCIT Board. Sponsors shall assume no liability, cost or other obligation of the Sponsored Member.

Section 5.2—Membership Participation Requirements

Members are required to participate in all applicable coverage provided by both the Workers' Compensation and Property/Casualty Divisions. The requirement for full participation in both Divisions may be waived upon membership if MCIT determines that participation is either not needed by the Member or not in the best interest of MCIT.

Members shall take reasonable steps to mitigate claims, support loss prevention strategies and adhere to all obligations of members including, but not limited to, those detailed under ARTICLE X of these Bylaws.

A county Member of MCIT shall either be a member of AMC or shall pay MCIT an additional sponsorship fee equal to the county's AMC dues exclusive of any AMC special assessments. MCIT may determine, after consultation with AMC, that the additional sponsorship fee will not be assessed or that a sponsorship fee other than one equal to the county's AMC dues would be assessed. The Board shall be responsible for making the final determination.

Section 5.3—Membership Renewal

Membership in the MCIT Workers' Compensation and Property Casualty Divisions is renewed upon receipt of the Annual Renewal Notice. Annual Renewal Notices, providing the Member's estimated contribution for the next plan year, shall be provided after August 1st and no later than seven (7) days from the date of the August Board meeting, but not later than August 21st, prior to the beginning of the plan year.

Section 5.4—Membership Withdrawal

No Member may withdraw from MCIT for a period of three (3) years after its initial entry into MCIT. A Member participating in both the Workers' Compensation and Property/Casualty Divisions may not withdraw from a single Division and remain a member of MCIT unless the Member no longer has exposure covered by the Division.

A Member may, after the initial three (3) years, withdraw from MCIT upon written notice to the Board no later than August 1st of any plan year. Withdrawal is effective twenty four (24) months following the beginning of the next Plan Year. Annual Renewal Notices after notification of withdrawal will supply limited information.

A Member with an annual contribution of \$15,000 or less for the current plan year may withdraw from MCIT upon written notice to the Board no later than August 1st of any Plan Year. Withdrawal is effective the beginning of the next Plan Year. Members will not be allowed to renew participation in the MCIT for two-years following the effective date of withdrawal.

The withdrawal of a Member shall not affect the continuance of MCIT or any Division of MCIT by the remaining Members. A Member that withdraws shall remain jointly and severally liable for all claims,

debts, obligations and liabilities that were incurred on its behalf or by MCIT during the term of its membership including but not limited to being subject to and liable for assessments as detailed under ARTICLE XI of these Bylaws. The liability of a Member upon withdrawal shall be determined in accordance with the Agreement, these Bylaws, operating policies and procedures as may be promulgated by the Board or any other conditions imposed by the Board.

Members that withdraw from MCIT will not receive a dividend during the withdrawal period and shall have no right or claim to the Assets of MCIT.

Section 5.5—Modifications to Membership

The Board may impose such conditions on Members as it deems appropriate to protect the interests of MCIT or to provide for the benefit of its Members.

The Board, at its discretion, may create or modify classes, levels, types or other groups of membership within MCIT with differing Member rights privileges or obligations.

The Board retains discretion on matters relating to continued liabilities, issuance of dividends and related matters based on individual circumstances.

Section 5.6—Loss of Membership Qualification

A Member shall cease to qualify for participation in MCIT when it fails to comply with the provisions of the Agreement, these Bylaws, operating policies and procedures as may be promulgated by the Board or any other conditions imposed on membership by the Board. The Board shall determine loss of membership qualification.

The Board, at its discretion may abolish classes, levels, types or other groups of membership within MCIT. Those Members within the class, level or group shall cease to qualify for membership.

A Member that ceases to qualify for membership shall not affect the continuance of MCIT or any Division of MCIT by the remaining Members. Such Member shall remain jointly and severally liable for all claims, debts, obligations and liabilities that were incurred on its behalf or by MCIT during the term of its membership including but not limited to being subject to and liable for assessments as detailed under ARTICLE XI of these Bylaws. The liability of a Member upon ceasing to qualify for membership shall be determined in accordance with the Agreement, these Bylaws, operating policies and procedures as may be promulgated by the Board or any other conditions imposed by the Board.

Member(s) that cease to qualify for membership shall have no right or claim to Assets of MCIT. The Board retains discretion on matters relating to continued liabilities, issuance of dividends and related matters based on individual circumstances.

Section 5.7—Classes of Membership

MCIT provides for the following classes of membership:

- A. County Members**—This class of Member shall include Minnesota Counties eligible and qualified for membership pursuant to Article V of these Bylaws that have entered into the

Agreement. County Members are the only Membership Class entitled to vote on matters that require a vote of the MCIT membership.

- B. Sponsored Member**—This class of Member shall include non-county Minnesota governmental units and Minnesota political subdivisions eligible and qualified for membership pursuant to Article V, Section 5.1 of these Bylaws that have entered into the Agreement or other contract. Sponsored Members shall lose their eligibility for participation in MCIT should their sponsor withdraw or terminate membership.
- C. Such other classes as the Board deems appropriate.**

ARTICLE VI ANNUAL MEETING

Section 6.1—Annual Meeting

There shall be an annual meeting of MCIT at a place and time as determined by the Board.

Section 6.2—Notice

Members shall be given adequate and timely notice of the annual meeting.

Section 6.3—Board of Directors Election

There shall be an election for the MCIT Board of Directors at the annual meeting pursuant to ARTICLE VII of these Bylaws.

Section 6.4—Voting

Each County Member may cast one vote (1) for Board of Directors Elections and other matters that may require a vote of the MCIT membership. Other classes of membership shall not be entitled to vote. Motions shall carry by a simple majority of County Members present and voting unless otherwise stated in the Agreement or Bylaws.

Section 6.5—Voting Delegates

Each County Member shall designate an official voting delegate and alternate. Only a designated voting delegate or alternate will be allowed to make a motion or second a motion and to cast ballots on behalf of the County Member. There shall be no proxy voting.

Section 6.6—Agenda

The Board shall develop the agenda for the annual meeting. Any Member may request the addition of items to the agenda.

Section 6.7—Annual Meeting Alternative Method

When the board chair, in consultation with other board officers, determines that an in-person annual meeting is not practical or prudent because of a health pandemic or an emergency declared under Minnesota Statutes Chapter 12, voting for the Board election and any amendments to the Agreement may be conducted by an alternative method to be determined by the board chair, after consultation with other board officers.

When the alternative method is a ballot, directions will be included. A designated voting delegate (or alternate) submitting a valid ballot will be considered as present and voting when determining whether a motion carries by simple majority. There shall be no write-in on the ballot. Ballots not returned by the date and at the location specified in the directions will not be counted.

The Board may vote in place of the membership on procedural matters, including but not limited to approving the agenda, minutes and financial reports, which may otherwise require a vote of the Members.

ARTICLE VII BOARD

Section 7.1—General Powers

The Board shall have the power necessary to carry out the management, business and affairs of MCIT and such other powers as are necessary and convenient for the performance of the purposes set forth in the Agreement. Powers of the Board shall include but not be limited to:

- A.** Exercise responsibility for MCIT's operation and financial condition;
- B.** Collect contributions and paying authorized expenses;
- C.** Invest MCIT funds in accordance with investment guidelines and governing statute;
- D.** Authorize changes in contribution, reserves or investment practices; and declaring assessments or dividends as appropriate;
- E.** Establish loss control procedures and advice and educate Members in loss control and risk reduction;
- F.** Promulgate and amend, as needed, Operating Policies and Procedures;
- G.** Act on applications for membership;
- H.** Terminate membership of any Member that does not qualify for participation;
- I.** Monitor compliance with statutes, rules and regulations applicable to MCIT;
- J.** Enter into contracts, leases or other agreements;
- K.** Rent, lease, purchase and otherwise procure or receive real or personal property; and
- L.** Employ personnel either as employees or by contract.

Section 7.2—Selection of Service Providers

The Board may select a Service Company, Claims Administrator, Financial Administrator and other service providers. The Board shall have sole discretion over the selection of service providers. The Board shall review the performance of service providers regularly.

Section 7.3—Board Size and Composition

The Board shall consist of nine (9) representatives from Members. The composition of the Board shall be:

- A. Eight (8) Board members selected at large by the County Members of which: six (6) shall be county commissioners; two (2) shall be county auditors, county auditors/treasurers, or other similar principal finance officer in the county;
- B. One (1) Board member who shall be a county administrator or coordinator from a County Member.

No County Member may have more than one (1) Board member.

Section 7.4—Appointment, Elected and Term of Office

- A. **Board Members Elected at Large by the County Members**—The County Members shall elect the at-large members to the Board at an annual meeting of MCIT. Individuals shall be elected for a term of four (4) years. The term shall begin with the first full Board meeting following election to the MCIT Board. Board members may serve successive terms. The term shall end when the board member a) resigns from the county or the MCIT board, b) is not re-appointed to the county position or c) is not re-elected in the county.
- B. **County Administrator or Coordinator**—Appointment shall be made by the MCIT Chair upon recommendation of the Minnesota Association of County Administrators (MACA) in consultation with other board officers. The appointee shall serve for a term of two (2) years, be eligible for reappointment for successive two (2) year terms, and shall serve until his/her successor is appointed. The term shall begin with the first full Board meeting following appointment. The term shall end when the appointee is no longer a Member county coordinator or administrator.
- C. **Vacancy**
 - 1. "At Large" Board Members—Vacancies shall be filled by appointment of the remaining members of the Board until the next annual meeting of MCIT at which time the unexpired term shall be filled by election.
 - 2. County Administrator or Coordinator Board Members—Vacancies may be filled by appointment of the MCIT Chair for the remainder of the term as set-forth in ARTICLE VII—7.4 (B).
 - 3. The MCIT Board shall determine when a vacancy has occurred.

Section 7.5—Election or Appointment of MCIT Board Members

MCIT Board Members Selected by Election:

The MCIT chair shall direct staff to:

- A. Provide notice to county members prior to the annual meeting, designating Board seats up for election at the annual meeting and soliciting applications from candidates for said designated seats. The candidate may apply for only one of the designated seats up for election.
- B. Review the applications of each candidate for a designated seat;
- C. Prepare a ballot placing into nomination all qualified candidates for each designated seat noting that nominations from the floor are not permitted;
- D. Report to the Board, and then to county members, the candidates who will be on the ballot for each designated seat prior to the annual meeting;
- E. Count the ballots from each separate election conducted during the annual meeting.

1. Report the name of the candidate who receives the most votes to the county members present.
2. When there are more than two (2) candidates for a designated seat and no candidate receives more than fifty percent (50%) of the votes cast, prepare a supplemental ballot with the two (2) candidates who received the most votes.

MCIT Board Members Appointed to Fill a Vacancy:

The MCIT Chair shall appoint a Screening Committee consisting of three (3) MCIT Board members. The committee shall:

- A. Solicit eligible candidates for appointment to the vacant seat;
- B. Review the qualifications of each candidate for the vacant seat;
- C. Conduct interviews of some or all of the candidates if appropriate; and
- D. Report to the MCIT Board the candidates to be interviewed by the Board.

Selection Criteria:

The Board when appointing a candidate to fill a vacancy shall consider; and the members when electing a Board member may consider:

- A. The candidate's experience, qualifications and performance;
- B. Special skills, education or experiences that relate to the operation and performance of MCIT; and
- C. The demographics and location of the candidate's county.

Section 7.6—Voting

Each member of the Board shall be entitled to one (1) vote. There shall be no proxy voting. All motions shall be carried by a majority of the whole Board.

Section 7.7—Compensation of the Board

The Board shall annually establish reasonable compensation and reimbursement for service by Board members.

Section 7.8—Meetings

The Board may set the time and place for holding regular meetings of the Board. The Board shall provide for adequate and timely notice of the meeting. Special meetings of the Board may be called by or at the request of the Chair, or in his absence, the Vice Chair, or any two (2) members of the Board.

Section 7.9—Quorum

Five (5) members of the Board shall constitute a quorum for the transaction of business at any meeting of the Board.

Section 7.10—Resolving Member Disputes, Appeals and Requests for Variance

The Board has sole responsibility for resolving Member disputes, including but not limited to coverage (decisions to defend or not defend and/or indemnify), membership status, dividends or assessments

and MCIT dissolution. A Member may, in writing addressed to the MCIT Executive Director, request a hearing regarding a dispute.

A. Disputes involving an MCIT decision to defend or not defend and/or indemnify shall apply the following process:

- a. The Member shall submit to the Board or their designee a written Notice of Appeal within twenty one (21) calendar days of the date of the decision that is appealed.
- b. The Executive Director shall advise the Board of the request for a hearing.
- c. When the Board has set the date/time/location for the hearing the member shall provide the following information in advance of the hearing to allow the Board an opportunity to consider said information:
 - (1). Identification of the decision being appealed.
 - (2). A statement of the issue(s) for the Board's consideration, including copies of all document, letters and other items relevant to the appeal.
 - (3). A summary of the position and arguments of the Member.
 - (4). The disposition requested by the Member.
 - (5). The anticipated length of hearing including a list of all witnesses and presenters to be utilized by the Member at the hearing.
- d. MCIT shall provide its information to the Member in advance of the hearing to allow the Member an opportunity to consider said information.
- e. The hearing of the appeal shall be conducted as follows:
 - (1). The Member shall make its presentation to the Board. The Member may present oral and/or written argument, and may submit whatever documentation it determines appropriate, including proposed Findings of Fact and Conclusions.
 - (2). MCIT staff shall then present the argument and documentation in support of the decision being appealed, including proposed Findings of Fact and Conclusions.
 - (3). The hearing shall be recorded. The record shall be preserved by MCIT for at least twenty four (24) months from the date of the Board's decision concerning the appeal.
 - (4). At the conclusion of the presentations, the Board shall deliberate and make a determination. The Board shall adopt written Findings of Fact and Conclusions in support of its decision.

The Member shall be notified of the Board's decision within ninety (90) days of the close of the hearing.

- (5). All notices of appeal regarding a request of a variance of the Coverage Document shall follow the same procedures set forth above.

- B.** A member may request that the Board provide a variance from the terms of the Agreement, Bylaws, and Coverage Document. Such request shall identify that the member seeks a variance and does not dispute the basis for the decision; and sets forth the reasons that a variance is necessary.

All decisions of the Board shall be final and binding on the Member and the Board.

Section 7.11—Committees

The Board may create or dissolve committees as needed for the orderly operation of MCIT. The Board Chair may appoint committee members. The Chair may also appoint persons to represent MCIT with other organizations.

ARTICLE VIII OFFICERS

Section 8.1—Election of Officers/Organizational Meeting

The annual organizational meeting of the Board shall be the first Board meeting of the plan year. There shall be elected from within the membership of the Board, a Chair, a Vice Chair and Secretary-Treasurer. These officers shall have the authority to act in those circumstances and on those matters as specified in the Agreement, in these Bylaws or as directed by the Board.

Section 8.2—Term of Office

Each officer elected shall serve until the next annual organizational meeting of the Board, be eligible for re-election for successive terms, or until a successor is elected.

Section 8.3—Vacancy

Vacancies shall be filled by election of the Board until the next annual organizational meeting of the Board.

Section 8.4—Duties of Officers

The officers of the Board shall have the following duties as specified herein:

- A. Chair**—The Chair shall preside at all meetings of the Board and perform the usual duties of the Chair. The Chair, alone or together with such other officer or officers as the Board may designate by resolution, may sign any contracts or other instruments which the Board has authorized to be executed; and, in general, the Chair shall perform all duties incidental to the office of Chair and such other duties as may be prescribed by the Board from time to time. The position of Chair shall be held only by a county commissioner member of the Board.
- B. Vice Chair**—In the absence of the Chair, or in the event of his/her inability or refusal to act, the Vice Chair shall perform the duties of the Chair. The position of Vice Chair shall be held only by a county commissioner member of the Board.
- C. Secretary-Treasurer**—The Secretary-Treasurer shall keep the minutes of MCIT and MCIT Board meetings, monitor the status and condition of the Trust Fund established in ARTICLE XII and make regular reports to the Board and MCIT membership.

**ARTICLE IX
INDEMNIFICATION**

MCIT shall indemnify the Board and staff, including the MCIT Director, pursuant to Minn. Stat. Section 466.07.

**ARTICLE X
OBLIGATION OF MEMBERS**

Section 10.1—Obligations of Members

The obligations of the Members shall be:

- A.** To appropriate for and to promptly pay all annual and supplementary or other payments to MCIT at such times and in such amounts as established by the Board. Annual Renewal contribution is due by January 31st of each “Plan Year”. Pursuant to the Minnesota Prompt Pay Statute MS. 471.425 members will be subject to a 1½ percent, per month, finance charge applied to any unpaid balance. Members with unpaid annual renewal contribution on July 1st of the “Plan Year” will forego participation in any dividend announced by the Board;
- B.** To allow MCIT and its agents reasonable access to all facilities of the Member and all records, including financial records, which relate to the purposes and powers of MCIT;
- C.** To allow MCIT, its agents and attorneys to act on behalf of the Member in all levels of litigation including investigation, defense, discovery and settlement discussions arising out of any claim made against the Member within the scope of coverage afforded by MCIT;
- D.** To provide full cooperation with MCIT's attorneys, claims adjusters, any agent, employee, officer or independent contractor of MCIT relating to the purposes and powers of MCIT;
- E.** To follow, in its operation, loss reduction and prevention procedures established by MCIT within its purposes and powers;
- F.** To report to MCIT, as promptly as possible, all claims, suits and all incidents that may result in a claim or suit against the Member within the scope of loss protection afforded by MCIT.
- G.** Members will not enter into any agreement whereby they:
 - i. agree to assign benefits payable under a Coverage Document to any person or entity;
 - ii. confess judgment or liability to any person or entity under the terms of which MCIT shall be liable for the payment of any such judgment or confession;
 - iii. dispute any denial of coverage or Reservation of Rights asserted by MCIT in any other manner other than that specified within the MCIT Bylaws, Coverage Document and/or Joint Powers Agreement.
 - iv. enter into any agreement whereby a denial of coverage or Reservation of Rights asserted by MCIT, may be disputed, litigated or adjudicated in any other manner other than that specified by the MCIT Bylaws, Coverage Document and/or Joint Powers Agreement.

- v. enter into any type of agreement that constitutes or has the functional equivalent of the type of agreement as utilized in the Minnesota Supreme Court decision of Miller v. Shugart, 316 N.W.2d 729 (Minn. 1982).
- H. As authorized by Minnesota Statutes or by law, provide to the Minnesota Counties Intergovernmental Trust, its employees, agents, contractors or representatives, upon request, government data classified as private, confidential, nonpublic, or protected nonpublic to the extent it is determined to be necessary or appropriate to carry out the purposes and powers of MCIT. The classification of the data will be the same for MCIT and its Member.
 - I. Failure to comply with Section 10.1, Subsections A, B, C, D, E, or F may result in the Member not being in "Good Standing." If a Member fails to comply with Section 10.1, Subsection G. the Member **will not be** in "Good Standing" and the Board will as a matter of course vote on Loss of Membership for that Member. The Member will also owe reimbursement to MCIT for any amount agreed upon by a member in violation of Section 10.1, Subsection G. Additional action for a violation of Section 10.1, Subsection G. may also be taken by the Board as set forth in Section 10.2, Subsection A.

Section 10.2—Penalties for Failing to be in "Good Standing"

- A. Subject to Board discretion a member that fails to be in "Good Standing" may be subject to the following:
 - i. Reduction or ineligibility to receive a dividend
 - ii. Increased deductible for all or certain lines of coverage
 - iii. Loss of Membership
 - iv. Other actions as decided by the Board
- B. A Member that disputes the Board's action may challenge the decision by following the procedure in Section 7.10 of these Bylaws.

ARTICLE XI ASSESSMENTS

Section 11.1—Assessment for Deficits

The amount of any liabilities in excess of Assets, in any Division of MCIT, shall be assessed to the appropriate Members of MCIT in a form, manner and amount as determined by the Board.

Section 11.2—Other Assessments

The Board may, at its discretion, determine that an assessment is necessary to insure the financial integrity of MCIT, to operate and maintain MCIT or to carry out other purposes of MCIT pursuant to the Agreement. The Board may, at its discretion, assess any Member or Members the costs associated with any and all claims.

**ARTICLE XII
TRUST FUND**

Section 12.1—Member Contributions

The Fund shall consist of all Member contributions in such amounts as determined by the Board. Each Member's contribution shall be determined in accordance with underwriting and rating guidelines adopted by the Board.

Section 12.2—Reserves

MCIT shall establish reserves based on actuarial principles for all incurred losses, both reported and unreported. Such reserves shall be held in the Fund.

Section 12.3—Uses of the Fund

The Board may use the Fund to procure excess insurance, reinsurance, administrative expenses, mandated contributions to State funds, and other expenses that the Board deems appropriate for the establishment and administration of MCIT. The Fund shall also be used for the payment of losses in accordance with the Coverage Document and other terms and conditions promulgated by the Board. The Board shall provide for the strict accountability of funds.

Section 12.4—Trust Assets

In the event that the Assets, in any Division of MCIT, are determined to be more than sufficient to meet liabilities and maintain prudent reserves, such surplus Assets may be returned to Members; credited toward future annual payments or otherwise utilized in accordance with guidelines adopted by the Board.

Section 12.5—Audits

The Board shall perform an annual audit of the financial affairs of MCIT to be made by an independent Certified Public Accountant at the end of each Fiscal Year in accordance with generally accepted auditing principles.

**ARTICLE XIII
REINSURANCE OR EXCESS INSURANCE**

Section 13.1—Reinsurance or Excess Insurance

MCIT may obtain reinsurance or excess insurance or participate in pools or other risk transfer mechanisms to protect MCIT from catastrophic losses.

**ARTICLE XIV
AMENDMENT**

Section 14.1—By the Board

The Board shall have the power to amend the Bylaws. A majority vote of the whole Board is required for approval of an amendment.

The Board shall have the power to propose amendments to the Joint Powers Agreement subject to a vote by the County Members. Amendments to the Joint Powers Agreement shall be voted on by the County Members present at a duly noticed membership meeting. County members shall be given adequate and timely notice of any amendment to be considered at the membership meeting. Voting on amendments shall comply with Sections 6.4 and 6.5 of the Bylaws. An affirmative vote of the majority of the County Members present at the membership meeting shall constitute a change in the Joint Powers Agreement and will not require execution by individual Members.

The Board shall have the power to convene a special meeting of the membership pursuant to Minnesota Statute Chapter 13D—The Open Meeting Law.

ARTICLE XV TERMINATION

Section 15.1—Termination

The Agreement shall remain in effect until the purpose of the Agreement is completed as determined by the MCIT Board of Directors and is:

- A.** Terminated by a 2/3 majority vote of those delegates of County Members present at a duly noticed meeting; or
- B.** Suspended or superseded by an amended Agreement between the Members; or
- C.** Terminated by operation of law.

Section 15.2—Distribution of Assets

Upon termination of MCIT the Board shall adopt a plan to fund all continuing liabilities and obligations and to assess Members for such liability and obligations or return Assets by a formula based on the proportion of losses, services provided and monies received.