

COMMISSION SPECIAL MEETING AGENDA
MONDAY, APRIL 24TH, 2023
6:00 P.M.

A. CALL TO ORDER – Mayor Ann Marie Vannoster

B. ROLL CALL

C. NEW BUSINESS

1. Resolution R-23-23 a Resolution to authorize the issuance of a purchase order to Arthur J. Gallagher for various types of insurance coverage for the City of Coffeyville to be effective May 1st, 2023 through June 30th, 2024.

D. ADJOURN



**CITY OF COFFEYVILLE
BOARD OF COMMISSIONERS AGENDA ITEM**

SPECIAL MEETING DATE	04/24/2023	
RESOLUTION OR ORDINANCE NUMBER	R-23-23	
AGENDA TITLE	A resolution to authorize the issuance of a purchase order to Arthur J. Gallagher for various types of insurance coverage for the City of Coffeyville to be effective May 1, 2023 through June 30, 2024.	
REQUESTING DEPARTMENT	Finance Department	
PRESENTER	Stephanie A. Richardson, Finance Director	
FISCAL INFORMATION	Cost as recommended:	\$701,930
	Budget Line Item:	Various Funds/Departments – Line Item 452
	Balance Available	\$398,652
	New Appropriation Required:	☒ Yes ☐ No
PURPOSE	Renew policies for property and liability insurance coverage for the upcoming policy year.	
BACKGROUND	Our current insurance carrier, Intact, provided notice to the City they would no longer be writing insurance policies for the public entity marketplace. As a result, Arthur J Gallagher (AJG) staff has aggressively taken our insurance renewal out to various markets this year to receive quotes. The insurance market in the US right now is a difficult one. Insurance companies are making moves to leave the market in Kansas due to the following: • Record years of catastrophic billion dollar weather related events due to hurricanes, wildfires, tornadoes, Midwest Derechos and winter freezes • Hardening of the insurance market • Inflation • Low interest rates	

	• Cost of materials • Skilled labor storages • Supply chain delays AJG quoted our renewal to the following companies who declined to vote: Liberty Mutual, Travelers Companies, Trident, Chubb Group, Glatfelter, Zurich and Allied Public Risk (also see page 24-26 of Renewal Presentation). Many of those companies declined due to the risks associated with Kansas weather exposures, our flood history, levee exposure and electric liability exposures.
SPECIAL NOTES	These policies do not cover: • Electric Department facilities - they are covered in a separate policy which renews September 1 • Airport Liability – this is a separate policy which renews January 8 • Workers Compensation – separate policy which renews January 1 • Flood Zone A Coverage – we have specific buildings in Flood Zone A which require separate flood coverage by the National Flood Insurance Program and renew September 26 • Cyber Liability – this policy is quoted separately
ANALYSIS	Last year we received a quote from Midwest Public Risk (MPR) that was 38% or \$121,175 higher than the quote from Intact. We chose to remain with Intact to obtain the savings for another year. Intact's quote for 2022-2023 was \$319,971. MPR, a municipal risk pool, has been in our insurance renewal discussions for the last couple of years as an option for the city. MPR is owned and operated by public entities (cities and school districts) that all have similar risks and needed coverages. Coffeyville could join the pool, follow their bylaws and name a representative to participate in the MPR group meetings. MPR has a full staff to handle any policy claims. The city is currently a member of a municipal risk pool through Kansas Eastern Region Insurance Trust (KERIT) for our work comp coverage. MPR provided a quote for this year's renewal on May 1. MPR's program runs on a July 1 – June 30 policy period so our first year of coverage would be for a 14-month timeframe versus our normal 12-month renewal. Due to

	the city's various types of coverage, risk exposures, loss history, lack of interested carriers and the current insurance market, the quote is considerably higher than in past years. MPR is quoting this year's insurance premium at \$701,930, a \$381,959 increase over our premium for 2022-2023 (see page 33 of Renewal Presentation). This quote as stated above is a 14-month quote. If we adjusted it back to a 12-month premium, this quote is still approximately 79% higher than last year. Our insurance consultants are seeing increases across the nation in the municipal and school district markets this year. The next best options received had premiums of \$1.24 million and \$1.37 million. The MPR quote is higher than the city's budget as we budgeted a 25% increase in premium over last year. The additional funding will have to come from reserves or any savings we can obtain during the year in other areas. MPR has offered a program that provides similar casualty coverage limits and deductibles to what we currently have, but lowers the wind/hail deductible from \$50,000 to \$25,000. Our deductibles would also continue to be a fixed amount rather than a percentage of the loss as many companies are moving to in their policies. Staff is bringing a resolution to continue coverage with AJG using MPR for the 2023-2024 year for the commission's consideration. Approving this resolution will bind coverage with AJG as our agent for the nineteenth consecutive year.
PUBLIC INFORMATION PROCESS	N/A
BOARD OR COMMISSION RECOMMENDATION	N/A
STAFF RECOMMENDATION	Staff recommends adoption of the resolution.
REFERENCE DOCUMENTS ATTACHED	Arthur J Gallagher 2023 Renewal Premium Summary Midwest Public Risk (MPR) Bylaws

RESOLUTION NO. R-23-23

A RESOLUTION TO AUTHORIZE THE ISSUANCE OF A PURCHASE ORDER FOR VARIOUS TYPES OF INSURANCE COVERAGE FOR THE CITY OF COFFEYVILLE TO BE EFFECTIVE MAY 1, 2023 THROUGH JUNE 30, 2024.

BE IT RESOLVED, by the Board of Commissioners of the City of Coffeyville, Kansas, that the Finance Director be and is hereby authorized and directed to issue a purchase order to Arthur J. Gallagher & Co. in the sum of \$701,930 for various types of insurance coverage as identified below for the City of Coffeyville to be effective May 1, 2023 through June 30, 2024.

Purchase Order to - Arthur J. Gallagher & Co.
Using Midwest Public Risk (MPR)

Policy Coverage Period - 14 Months 5/1/2023 to 6/30/2024

\$701,930 Property (Except Power Plant), Commercial General Liability & Law Enforcement/Professional Liability, Comprehensive Automobile Liability, Inland Marine (Mobile Equipment Floater & Electronic Data Processing), Public Officials Liability (Linebacker), Employee Benefit Liability & Public Employee Dishonesty, Crime, Liquor Liability, Utility General Liability

ADOPTED THIS 24TH DAY OF APRIL 2023.

Ann Marie Vannoster, Mayor

ATTEST:

Melissa Carter, City Clerk



Property/Casualty Insurance Renewal



Gallagher

Insurance | Risk Management | Consulting

Meeting Agenda



Insurance | Risk Management | Consulting

1. State of the Insurance Marketplace
2. Inflation & Other Marketplace Challenges
3. Review of Claim History
4. Renewal Marketing Summary
5. Midwest Public Risk (MPR)
6. MPR Resources
7. Renewal Premium Exposure Comparison
8. Gallagher Loss Control Resources
9. Why Gallagher Public Sector?
10. Thank You!



State of the Insurance Marketplace

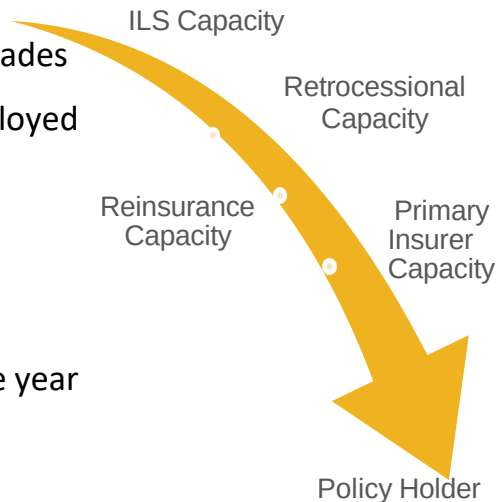
State of the Marketplace – Property

1.1.2023 Reinsurance Marketplace Challenges (Worse than Industry Expected)

- Negotiations went to the final hour, largest many insurers have seen in careers
- Some standard markets are in the reinsurance marketplace for the first time in decades
- Forcing insureds to take on more “Net Risk” , causing more volatility with used deployed capacity

Inflation & Valuations continue to be the the main focus of 2023

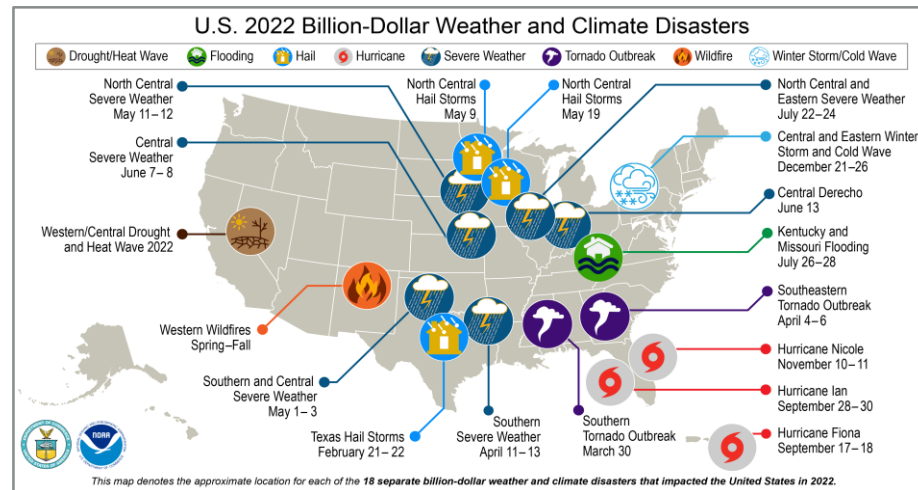
- Insurers need more reinsurance capacity to cover the same exact risks they did one year ago as values rise
- Loss costs increasing resulting from supply chain challenges and delays impacting business income
- Property Appraisals continue to be requested by underwriters



State of the Marketplace – Property

Key Driver #1 – Frequency and Severity of Losses:

- Global Insured Losses from Natural Disasters topped **\$171B in 2022 – 3rd costliest year on record**
 - Ian tied for the 2nd strongest hurricane on record - \$80B
 - Winter Freeze – December 25, 2022
 - (Major impacts on 1.1, reinsurance treaties)
- Serve Convective Storms (SCS) one of the main drivers of the above losses now that % deductibles have been applied on coastal risks
- Primary insurers are looking to pass off more risk to Midwest insureds by adding percentage deductibles for secondary perils such as Hail/Tornado/Flood/Etc. (1-3%) and cosmetic roof exclusions
- Insureds with losses will see larger rate increases than those with clean losses



1980-2022 United States Billion-Dollar Weather and Climate Disasters
(CPI-Adjusted)

EVENT COST		EVENT COUNT	
2017	\$373.2	2020	22
2005	\$352.5	2021	20
2022	\$165.0	2022	18
2021	\$155.3	2017	18
2012	\$150.3	2011	18
2020	\$114.3	2018	15
Average	\$57.6	Average	7.9

Source: National Oceanic and Atmospheric Administration (NOAA).

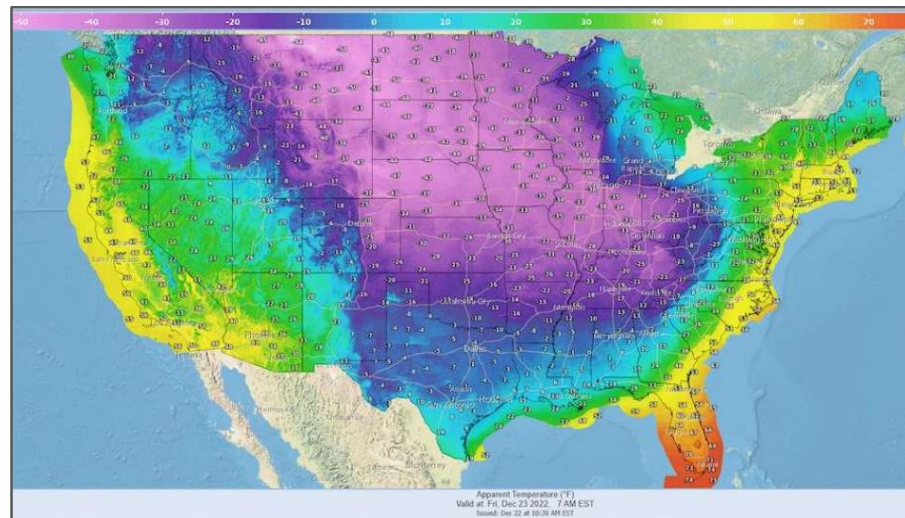
State of the Marketplace – Property

Winter Freeze December 21-25th 2022:

- A bomb cycle winter storm system impacted 60% of the United States
- Produced high winds/heavy snows and freezing temperatures resulting in widespread power outages and property damage across 33 states, including Kansas.
- Record cold temperatures were recorded in the as low as -30 degrees

APCIA Says Property Insurance Market 'Hardest in a Generation'

By Jim Sams | March 29, 2023



BUSINESS INSURANCE

RISK MANAGEMENT WORKERS COMP INTERNATIONAL RESEARCH & REPORTS PEOPLE

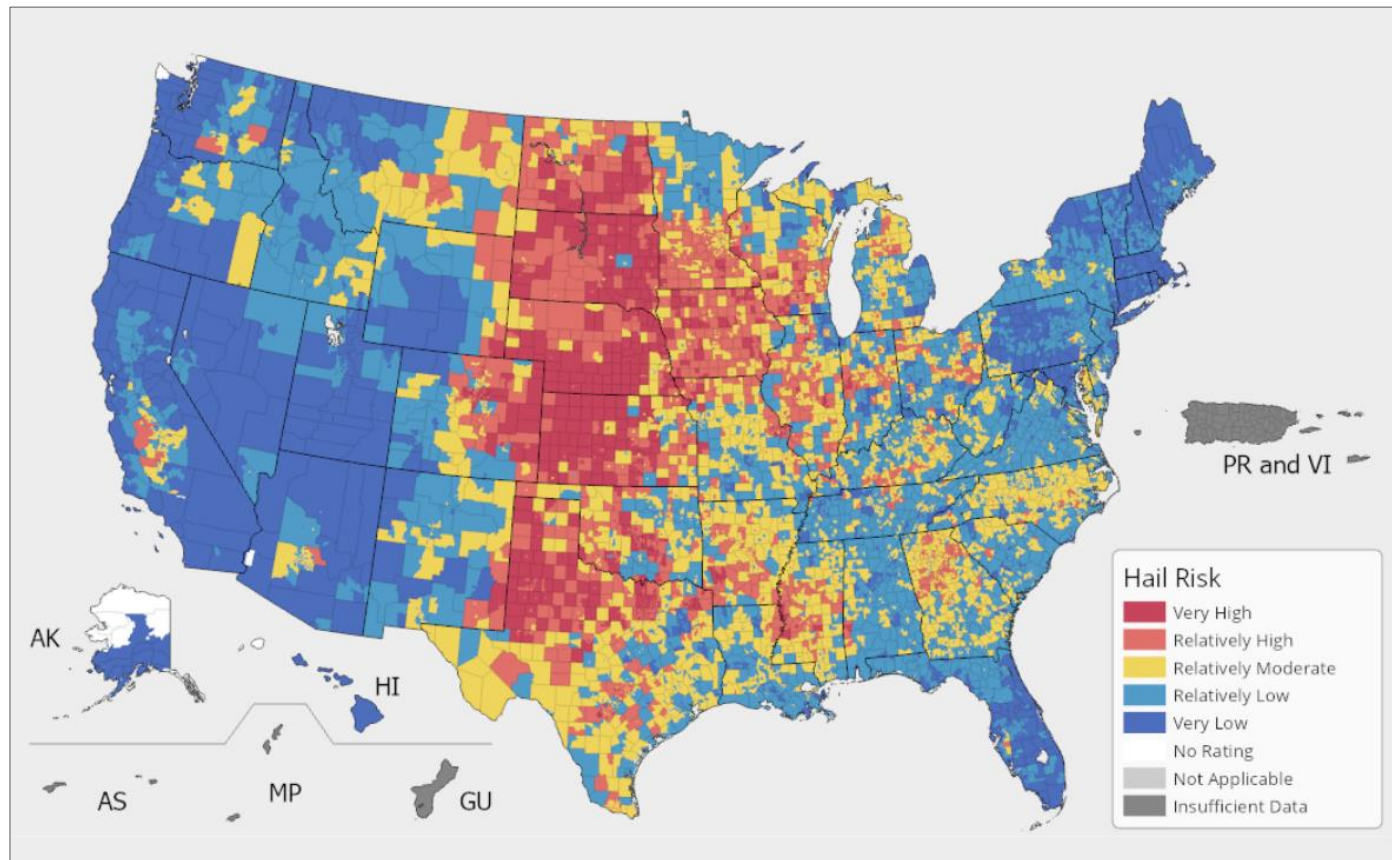
Risk Management

Property reinsurance rate hikes reach high double-digits

Matthew Lerner

April 03, 2023

State of the Marketplace – Property

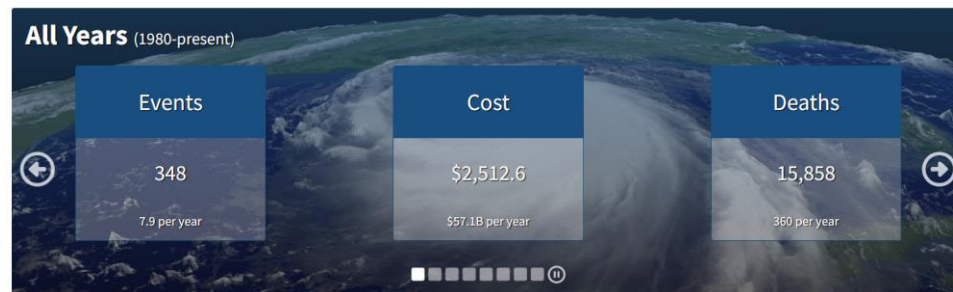


[Hail | National Risk Index \(fema.gov\)](https://www.fema.gov/national-risk-index)

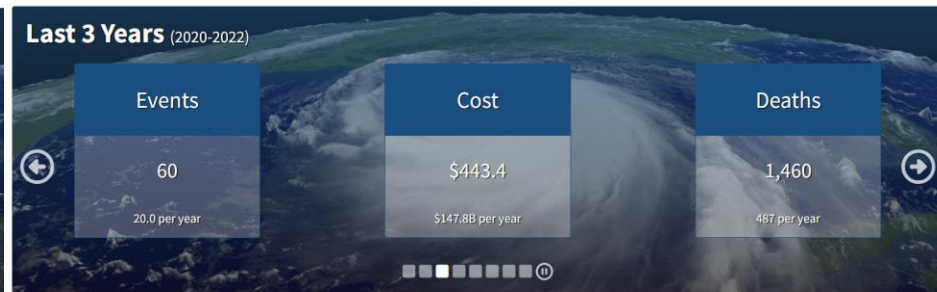
State of the Marketplace – Property

Overview

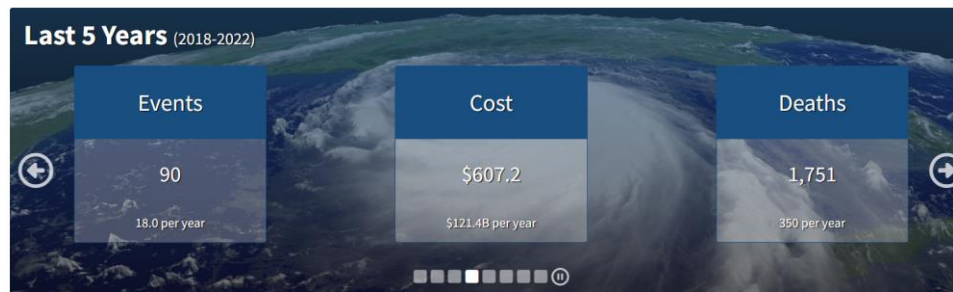
The U.S. has sustained 348 weather and climate disasters since 1980 where overall damages/costs reached or exceeded \$1 billion (including CPI adjustment to 2023). **The total cost of these 348 events exceeds \$2.510 trillion.**



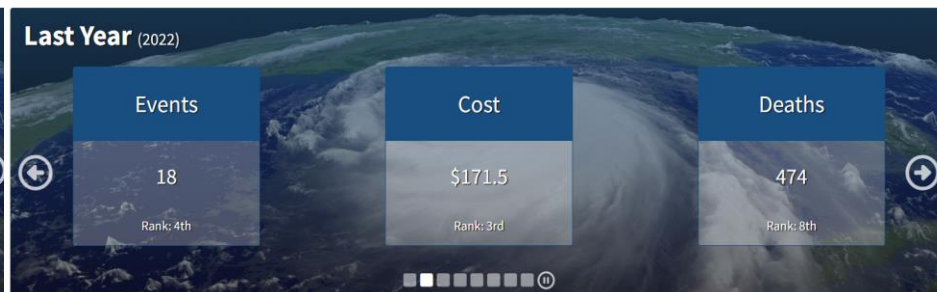
View summary data in [Summary Stats](#)



View summary data in [Summary Stats](#)



View summary data in [Summary Stats](#)



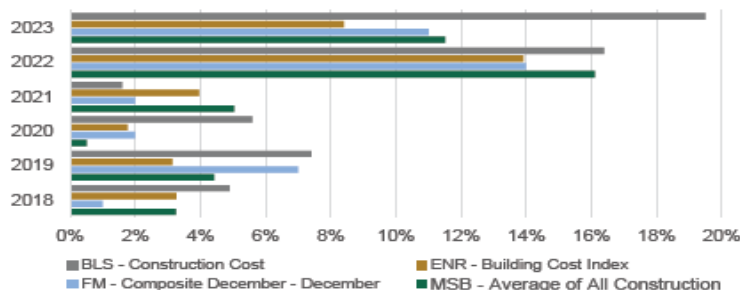
View summary data in [Summary Stats](#)

State of the Marketplace – Property

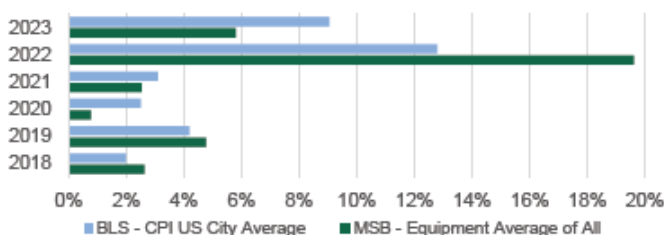
Key Driver #2 – Inflation and Valuation

- Persistently high inflation has driven up replacement costs. Supply chain challenges impacting downtime and business income losses. Current CPI – Inflation: 6-7% on average
- **Focus on accurate building values for all insureds across all sectors, not just the public sector**
- Mass amount of appraisals occurring has caused a delay in this process amongst appraisers - **You are not alone**

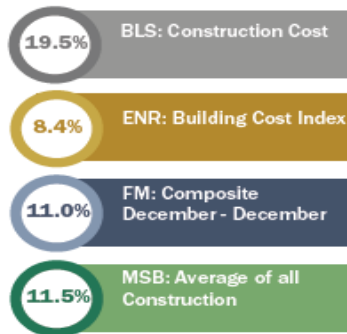
Construction Cost Trends January Yearly



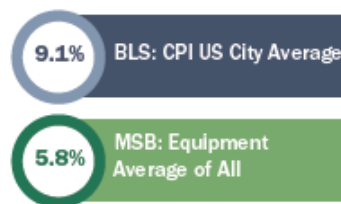
Equipment Cost Trends January Yearly



2023 Construction Cost Trends



2023 Equipment Cost Trends



Sources

Marshall & Swift/CoreLogic - Quarterly Cost Indexes
FM Global - Cost Trends - Industrial Buildings
US Bureau of Labor Statistics - Consumer Price Index
Engineering News-Record
Risk Management Solutions

State of the Marketplace – Casualty

GL, Law Enforcement, Public Officials, EPLI, Umbrella :

- **Increase underwriting scrutiny on insureds policies/procedures**
 - *Insurers have become more selective in underwriting risks and have imposed stricter underwriting guidelines, resulting in some municipalities facing challenges in obtaining coverage, particularly for high-risk areas or services.*
 - *This has forced municipalities to proactively manage their risks and implement risk reduction measures to maintain insurability.*
- **Law Enforcement continues to be a high concern for all carriers**
- Accounts with losses will see higher rates than clean business
- Capacity is still available but the cost per million is increasing along with minimum premiums
- Reserves on open law enforcements claims continues to rise exponentially
 - *Law Enforcement/Police/Hot Pursuit policies/procedures are of utmost importance to underwriters*
- “Social Inflation” Rising litigation costs, larger jury verdicts leading to larger claim payouts
- Insurers are struggling to keep pace with this inflation
- Continued growing “Civil Unrest” nationally – Increased frequency of active shooter events nationally
- Wrongful imprisonments continue to drive increased rates, insureds with prisons are challenging risks
- **Current economic environment is causing for claimants to seek financial gain through insurance claims**
- “Rocket Docket” – More full limit losses due to continued backup of courts

Auto Liability:

- Claims back to pre-pandemic levels
- Lost costs continue to rise with each auto accident
 - Material, Labor and Supply Shortage continue to be a challenge
 - Higher Liability Settlements during economic downturns
- Rate per auto continues to increase, deductibles are rising
- Inflation & social inflation continue to have a major impact on auto renewals:
 - ✓ New Technologies making it more expensive to repair
 - ✓ Distracted driving – i.e. Cell Phones
 - ✓ Jurisdiction of insureds – Increased claim costs
 - ✓ Out of state travel continues to be a concern of underwriters

State of the Insurance Marketplace – Cyber

Cyber Liability:

- **Public Sector continues to be a very undesirable class of business for cyber insurers in 2023**
- Insureds with losses will see higher rates, and higher reductions, potentially restricted coverage
- Cyber carriers continue to put significant emphasis on insureds cyber security controls such as:
 - **Multi-Factor Authentication (MFA) for Remote Access, All Staff Emails & systems containing PII**
 - **Endpoint Data Protection & Response**
 - **Quarterly Phishing Exercises w/ Annual Phishing Training**
 - **Weekly offsite/MFA backups**
- New capacity seems to be entering into the marketplace due to past few years of rate increases
 - Reserved for insureds with strong cyber security controls in place
- Insureds with inadequate security measures = coverage restrictions, or no coverage
- Hackers are continuing to find ways around the cyber security measures taken by insureds
 - Always looking for the next open door
- As Society continues to increase its technology footprint, cyber liability is now viewed as a major line of coverage needed for all insureds.
- Having an incident response plan is vital for insureds in the event they incur a loss
- The legal and regulatory landscape for cyber liability insurance is constantly evolving.



Cyber – Level's of Security Requirements

Industry Standard

RED

Minimum standard
of security required
for underwriters

- Multifactor authentication (MFA) for employee email
- MFA for remote access
- MFA for privileged accounts/privileged access
- Offsite (preferably offline) backups of critical data.
- Deploy an endpoint detection and response (EDR) solution on all managed endpoints (Underwriter requirements for EDR solutions depends largely on the insured's revenue)
- Create an audited written plan for patching critical software and hardware
- Employee cybersecurity training, including phishing simulations

AMBER

Requirements over
and above red—
more attractive
to underwriters

- Strong email filtering tools
- Privileged access account security measures
- End-of-life (EOL)/unsupported software and hardware segregated from the network, with plans to decommission in a timely fashion (This can be classified as “Red” for some underwriters)
- Cyber-incident disaster recovery/incident response plan, and segmentation of your computer network by operational function, data classification and operational risk
- Local domain control turned off on all owned managed endpoints

GREEN

Requirements over
and above amber—
most attractive to
underwriters

- Password management
- Detailed asset footprint of particular service accounts with domain credentials, services and monitoring
- Security information and event monitoring (SIEM) tool
- Data loss prevention (DLP) tool
- Follow an information security framework
- Maintain a 24/7 Security Operations Center (SOC) internally or externally

Cyber – Least Attractive to Markets

RED—Minimum standard of security required for underwriters

Failure to implement will likely prevent you from being able to secure cyber insurance coverage.

- Multifactor authentication (MFA) for employee email (i.e., access to email on a non-owned/managed device)
- MFA for remote access (e.g., virtual private network (VPN), remote desktop protocol (RDP))
- MFA for privileged accounts/privileged access (e.g., domain admins, system admin)
- Offsite (preferably offline) backups of critical data; encrypted, cadence—less than seven days for critical, 30 days minimum, and tested at minimum once a year
- Deploy an endpoint detection and response (EDR) solution on all managed endpoints
- Create an audited written plan for patching critical software and hardware, and a demonstrated capacity to apply critical security patches immediately, particularly in response to high-profile zero-day exploits (Microsoft Exchange, Kaseya, Accellion, etc.)
- Employee cybersecurity training, including phishing simulations

Cyber – Moderately Attractive to Markets

AMBER—Requirements over and above red—more attractive to underwriters

Failure to implement may prevent you from being able to secure cyber insurance coverage (e.g., limits), particularly from more stringent insurers. The larger the risk (businesses with more than \$50 million in annual revenues), the more likely these ambers will turn to red.

- Employee cybersecurity training, including any phishing simulations that track performance
- Strong email filtering tools that block malicious attachments, suspicious file types, and executables. Additionally, tools that can run suspicious attachments in an isolated environment or sandbox
- Ability to articulate privileged access account security measures and/or an integrated privileged access management (PAM) tool; domain/service account restrictions across the environment and separate from day-to-day accounts
- EOL/unsupported software and hardware segregated from the network, with plans to decommission in a timely fashion
- Disaster recovery/incident response plan in place in the event of a cyber-incident, tested and updated yearly with key stakeholders; segmentation of your computer network by operational function, data classification and operational risk
- Local domain control turned off on all owned managed endpoints

Cyber – Most Attractive to Markets

GREEN—Requirements over and above amber—most attractive to underwriters

May help you secure more competitive pricing and coverage. Meeting all criteria would see you viewed as best-in-class within your risk profile segment by insurers.

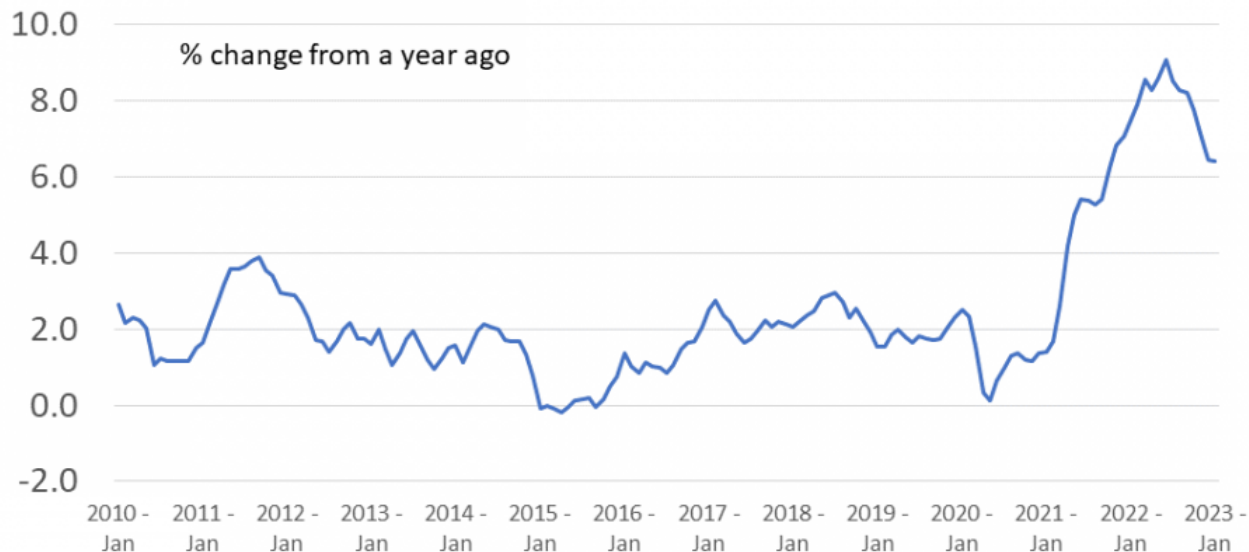
- Local domain control turned off on all owned/managed endpoints
- Password management (preferably through a vault or randomizer with limited access and check-in/checkout)
- Provide detailed asset footprint of particular service accounts with domain credentials, the services they provide, and how they are monitored throughout and between trees/forests
- Invest in a SIEM tool. Combining security information management (SIM) and security event management (SEM), security information and event management (SIEM) offers real-time monitoring and analysis of events as well as tracking and logging of security data for compliance or auditing purposes.
- Invest in a DLP tool to detect and prevent data breaches
- Follow information security framework (i.e. ISO/IEC 27001, NIST SP 800-53 and 800-171, CSF, CIS Controls, HITRUST and COBIT)
- Maintain a 24/7 Security Operations Center (SOC) internally or externally. A SOC is responsible for identifying and responding to cybersecurity incidents within the network. Having a SOC that is restricted only to business hours is not enough as cyber attacks can occur outside of standard working hours for many reasons.

Inflation & Other Impacting Factors

Inflation....our biggest new risk? (Hard Market 2.0)

The Perfect Storm?

Consumer Price Inflation



Source: BLS

What are insurance markets saying in 2023?

- Every line of coverage is affected although Property and Auto most directly affected
 - Insureds located in Catastrophic Exposed zones will see a magnified affect due to frequency and severity of claims
- Reinsurers are demanding trending of values even for customers with recent appraisals, if insureds don't, underwriters will
- Appraisals done in the last 2 years are no longer valid, due to rapid changes
- Insureds should be conducting Property appraisals every 2 years – new standard
- Reinsurers have valuations concerns across all industries, and all sectors
- Leading to a backlog of appraisal, becoming more challenging to obtain, due to the large amount of influx from Insurance demand.
- Increased values due to inflation, cost of material shorts, leads to increased costs even if flat rates are applied to the same buildings
- Result is overall increase in premiums across the industry and all sectors remain to be seen in 2023 - **The NEW normal**

Coffeyville, KS - Loss History

Review of Coffeyville, KS Loss History

Notable Losses

1. DOL 2/13/2017 – LEL – Alleged Racial Profiling, harassment, malicious prosecution, defamation - **\$25,000**
 - Claim Reported 10/5/2022
2. DOL 4/17/2019 – Auto Accident - **\$51,830**
3. DOL 9/28/2019 – Lift Station destroyed from Drag Race – Total Incurred \$172,367
 - \$113,500 successful subrogation - Total Paid - **\$62,354**
4. DOL 3/13/2022 – 2020 Ram 3500 4x4 damage - **\$18,530**
5. DOL 3/29/2022 – Wind Damage to Roof - **\$435,815**
6. DOL 9/18/2022 – Roof Collapse - **\$90,000**

\$683,529

* DOL = Date of Loss

2023-24 Marketing Summary

2023-24 Marketing Summary

**56 Carriers
Approach**

Casualty		
	Lexington	Pending - Dam liability
	APR/AmGaurd	Declined, not filed in KS
	Euclid	Quoted
	Glatfelters	Declined, would need to carve out Dam, Levee, police and Housing Authority
	Liberty	Declined, no KS
	Munich Re/WSI	Declined, no KS
	TMHCC	Declined, no KS
	Trident	Declined, couldn't do entire package
	Travelers	Declined, Dam exposure

Utliity		
	James River	Quoted
	Liberty	Declined, min premium - \$100,000
	Everest/ASEIG	Pending
Package		
	Midwest Public Risk	Quoted

2023-24 Marketing Summary - Property

Property		
	Allianz	Declined, not considered new Public Sector
	Amrisc Speciality	Quoted
	Arch	Declined, convective exposure
	Arrowhead	Declined, convective exposure
	Aspen	Declined, claims history
	Axis	Declined, pricing
	Beazley	Declined, pricing
	Chubb Bermuda	Needs higher pricing
	CM Vantage	Declined, uncompetitive
	Coaction	Declined, uncompetitive
	Convex	Declined, uncompetitive
	CORE	Declined, uncompetitive
	Crum & Forster	Declined, TIV too small
	Curotech	Declined, TIV size too large
	Ethos	Declined, uncompetitive
	Everest	Declined, pricing and convective
	Great American	Declined, convective exposure
	Insurisk	Quoted
	Ironshore	Declined, needs higher wind/hail ded
	James River	Pending
	Kinsale	Quoted

2023-24 Marketing Summary – Property

	Lexington	Quoted
	Liberty	Quoted
	Markel	Quoted
	Miller	Quoted
	Mitsui	Declined, uncompetitive
	Munich	Quoted
	Navigators	Pending
	Palomar	Quoted
	Paragon	Declined high excess, uncompetitive
	Risksmith	Pending
	Rivergton	Quoted
	RLI	Declined Class of business
	RSUI	Quoted
	SOMPON	Declined, convective exposure
	Starr	Quoted
	Swiss Re	Pending ,uncompetitive
	Travelers	Declined, convective exposure
	Westerchester	Declined, uncompetitive
	Westfeild	Declined, convective exposure
	WRB Speciality	Declined, uncompetitive
	XL	Pending
	Zurich	Declined, needs higher deductibles

Midwest Public Risk (MPR)

Midwest Public Risk (MPR)

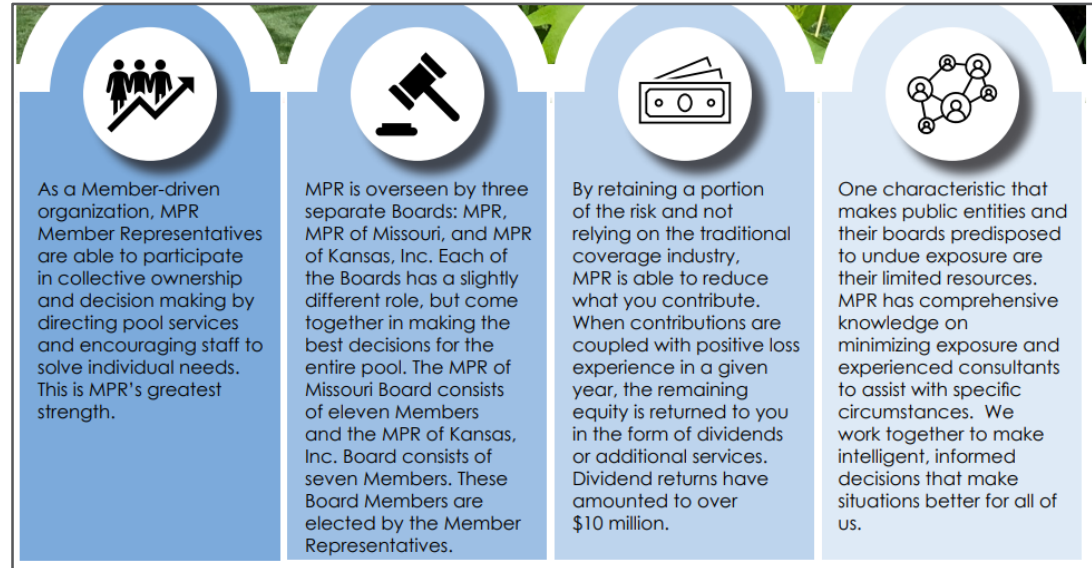
- MPR Founded 1983
- 3 governing boards: MPR, MPR of Kansas, MPR of Missouri
- Boards are elected by membership
- Member Owned
- Equity returned to members in dividends/additional resources - \$10M has been returned to members in dividends since inception
- City of Winfield, Bonner Springs, Hays, Dodge City, and Gardner. 40 KS members and over 100 including Missouri entities

MPR Coverages

- Health
- Dental
- Vision
- EAP
- Workers' Compensation (MO)
- General Liability
- Law Enforcement Liability



- EMT Liability
- Auto Physical Damage
- Auto Liability
- Public Official Liability
- Utility Generation Liability
- Crime
- Inland Marine



Midwest Public Risk

Risk Management Resources



- Web-Based Training
- Consultation On-site and at MPR
- Loss Control Training Resource Library
- Risk Prevention Advisories
- Free Legal Advice on Law Enforcement, Land Use and Employment Practices Issues
- Facilities and Work Practices Reviews
- 24 Hour Workers Comp Nurse Triage Hotline
- Telephone and Onsite Nurse Case Management Services
- WeTip (No cost criminal Activity reporting hotline)
- Member Scholarships to National Conferences
- Lexipol Law Enforcement Policies and Daily Bulletins

Types of Available Trainings

- Accident Investigation
- Back Injury Prevention
- Blood Borne Pathogens
- Chainsaw Operation
- Confined Spaces
- Cybersecurity
- Defensive/Distracted Driving
- Effective Safety Committees
- Employment Discrimination/Harassment
- Facility Inspections
- Fall & Slip Prevention
- Government Ethics
- Hazard Communication
- Heat Stress
- Incident Reporting and Investigations
- Lock Out Tag Out
- Personal Protective Equipment
- Public Official Liability
- Sewer Back Up Response
- Snow and Ice Control
- Strains and Sprains
- Supervisor's Survival Skills
- Swimming Pool Hazards
- Trenching & Shoring
- Traffic Control
- Workplace Violence
- Many Other Topics by Request

Midwest Public Risk

Terms and Conditions

The Named Member can only cancel the coverage at program anniversary and only if 90-day prior written notice of cancellation is given. If required notice is not given, 25% contribution surcharge is earned, due and payable.

- All terms and conditions of Membership in Midwest Public Risk are set forth in the by-laws. A copy of this document is available for your review upon request.
- Per the Bylaws, the member must be with MPR for 12 months prior to withdrawing.
- The following must be received prior to binding:
 - Signed Acceptance Form
 - Board Resolution Approving MPR Membership
 - New Member Rep Form
 - Signed Bylaws (Signed by Member Rep)
 - Member's Contact Information

Acceptance Statement:

Please accept this as a formal confirmation that all terms and conditions, attached scheduled items, and contributions proposed by Midwest Public Risk are accepted effective this ____ day of _____, 2023.

Signatures Pages to Bind Coverage:

- Gallagher Client Authorization to Bind Form
- MPR KS Membership Representative Form
- MPR Acceptance Form
- Board Resolution Document

Signature of Official

Date

Exposure & Premium Summary

2023-2024 Renewal Exposure Comparison

Limits	2022	2023	Change %
Total Building	\$92,022,471	\$92,972,161	1 %
Total Content	\$3,591,975	\$3,745,155	4 %
EDP	\$624,688	\$624,688	0 %
Business Income	\$3,000,000	\$3,000,000	0 %
Other Property	\$4,013,330	\$4,013,330	0 %
Mobile Equipment	\$3,505,643	\$3,505,643	0 %
Total TIV	\$107,258,107	\$108,360,977	1 %
Vehicle total Value	\$5,545,009	\$5,748,051	4 %
Auto Count all types	111	112	1 %

2023-2024 Renewal Premium Summary

City of Coffeyville, KS		
	Expiring 2022-2023	Renewal 2023-2024
Intact/Atlantic Speciality		
Package	\$ 332,705	
Total	\$ 332,705	Intact - Exited Marketplace
★ Recommended Option*: Midwest Public Risk (MPR)		
Package - Pro Rated - 2 Months		\$ 95,832
Package - Annual		\$ 573,419
Utility - General Liability		\$ 32,679
Total		\$ 701,930
Option 2 - Combined Package - \$100K W/H		
Property - 2% wind/hail with buy down to \$100K		\$ 1,181,780
Casualty		\$ 156,668
Utility - General Liability		\$ 32,679
Total		\$ 1,371,127
Option 2 - Combined Package - 1% W/H		
Property - 2% wind/hail with buy down to 1%		\$ 1,051,231
Casualty		\$ 156,668
Utility - General Liability		\$ 32,679
Total		\$ 1,240,578

Important Notes:

- Midwest Public Risk (MPR) - 7/1 Effective Date
- MPR rates are the same between pro-rated 2 months and annual cost
- MPR provides higher limits, lower deductibles, and flat wind/hail ded - \$50K
- MPR Pro-rated Premium – (5.1.23-6.30.23) = \$95,882
- MPR Annual Premium – (7.1.23-7.1.24) = \$573,419
- Utility Liability – (5.1.23-5.1.24)
- Intact and Option 2 are both Annual 12 month. MPR is providing 2 additional months of coverage in premium
- 60 markets approached

Gallagher Public Sector Loss Control Resources

Gallagher Core 360 - Public Sector Tool Box



Insurance
Premiums



Program
Structure



Coverage
Gaps



Uninsured
& Uninsurable
Losses



Loss Prevention
& Claims



Contractual
Liability

- SmartMarket
- Salesforce Chatter
- Gallagher Insight

Market Submission Tools:

- Loss Control Marketing Reports
- Loss Runs | Loss Summary

Property Analytics:

- Probabilistic CAT Modeling (RPS) +
- Deterministic CAT Analytics (EigenPrism)
- Property Appraisals/Valuation (GB) +

Casualty Analytics:

- Reserve Analysis
- X-Mod Calculation
- Umbrella Limit Benchmarking by Industry (Advisen)
- Loss Stratification (with Loss Summary)

Alternative Risk Financing:

- Insurance Pools

Gallagher Policy Checklists:

- Gallagher Policy Analysis (GPA) for P&C

Client Advantage | Umbrella/Excess:

- Umbrella Advantage

Client Advantage | Specialty Lines:

- MLP Direct Advantage
- Builders Risk
- Cyber Advantage
- Equipment Breakdown
- Gallagher Crisis Protect

Enterprise Risk Management:

- **CORE360 RISKMAP** & Strategic Risk Assessment

Policies not purchased, such as :

- Cyber/Privacy Liability
- Environmental Liability
- Professional Liability
- Terrorism
- Drone

Loss Prevention:

- eRiskHub for Cyber
- **CORE360 Loss Control Portal (GB)**
- Property Loss Control
- Safety
- Employee Training
- Supporting Tools

Claims:

- Claims Advocacy

- Contract Review
- Certificate Issuance

Gallagher Loss Controls Resources



Reduce Your Risk and Simplify Training

Safety training programs and educational materials for employees are critical for reducing accidents, increasing retention, and minimizing your total cost of risk now and in the future.

Gallagher Safety Training Education Platform (STEP) is our proprietary learning management system (LMS) that supports your safety program, provides real-time access to your loss control plans and keeps employees up to date with the latest safety standards.

Key Benefits of Gallagher STEP

- **Register** for up to 10 complimentary modules every year from a library of over 100 training and safety shorts. In addition, monthly bulletins are available, covering topics such as general and environmental safety, human resources, and health and wellness.
- **Save** valuable time by assigning employee training and monitoring their latest progress and completion.
- **Simplify** the process of training to stay in compliance and avoid costly penalties.
- **Onboard and train** an unlimited number of users while enhancing your overall risk control program.
- **Customize** your platform with your company's logo, training content and modules tailored to your business, and personalized procedures and forms for an added fee.

Please visit ajg.com/us/gallagher-step/ to learn more.

Most Popular Training Modules

- Sexual Harassment and Discrimination
- Slip, Trip and Fall Training
- Electrical Safety Training
- Back Safety Training
- Bloodborne Pathogens
- Safe Lifting Practices
- Defensive Driving Basics
- Fire Prevention Basics
- Personal Protective Equipment
- GHS Hazard Communication

Gallagher CORE360



Gallagher CORE360® is our unique, comprehensive approach of evaluating your risk management program that leverages our analytical tools and diverse resources for custom, maximum impact on six cost drivers of your total cost of risk.

Gallagher | eRiskHub®

Overview and Login Information

The Gallagher eRiskHub® portal provides you with exclusive risk management tools and best practices to improve your organization's cyber risk posture. This important resource serves your cyber risk management strategies by enhancing your capabilities in cyberattack prevention, loss mitigation and cyber risk transfer techniques.

To access the Gallagher eRiskHub® now:

1. Navigate to <https://eriskhub.com/gallagher>
2. Complete the new user registration at the bottom of the page. Choose your own user ID and password. The access code is **447597**.
3. After registering, you can access the hub immediately using your newly created credentials in the member login box located at the top right of the page.

If you have any questions about the Gallagher eRiskHub®, please reach out to the eRiskHub® support staff at support@eriskhub.com

Key Features of the Gallagher eRiskHub®

- **Risk Manager Tools**—A collection of tools for risk managers including research of known breach events, information to calculate the potential cost of a breach event, sample policies, breach response planning and more.
- **Learning Center**—An extensive collection of thought leadership articles, webinars, videos and blog posts covering everything from emerging cyber threats to data protection and more.
- **Security and Privacy Training**—Resources for creating an effective security training program for your employees.
- **Strategic Third-Party Relationships and Partner Resources**—Information on third-party vendors that can assist your organization improve your overall cyber risk, as well as access to exclusive Gallagher discounts on tools.

Gallagher's Cyber Capabilities

Gallagher's Cyber practice has the expertise to deliver a full complement of cyber risk management and insurance services to help your team stay protected. We take a consultative, action-based approach to address the sophisticated and evolving nature of cyber liability to design custom solutions that meet your unique needs. For more information, please contact us.

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The information contained herein is offered as insurance industry guidance and provided as an overview of current market risks and available coverages and is intended for discussion purposes only. This publication is not intended to offer legal advice or client-specific risk management advice. Any depiction of insurance coverages is not meant to interpret specific coverages that your company may already have in place or that may be generally available. General insurance descriptions contained herein do not include complete insurance policy definitions, terms, and/or conditions, and should not be relied on for coverage interpretation. Actual insurance policies must always be consulted for full coverage details and analysis. Insurance brokerage and related services to be provided by Arthur J. Gallagher Risk Management Services, Inc. (License No. 00002020) and/or its affiliate Arthur J. Gallagher & Co. Insurance Brokers of California, are to comply with appropriate laws.



- **eRisk Hub**
- **Loss Prevention:**
- **eNewsletters & White Papers**
- **Property Loss Control**
- **Webinars & Workshops**
- **Claims:**
- **Claim Advocacy Services**
- **TPA Selection**

Gallagher STEP – Loss Control



Insurance | Risk Management | Consulting

Human Resources Training

- Americans with Disabilities Act (ADA)
- California Ethics
- California Sexual Harassment & Discrimination—Employees (English and Spanish)
- California Sexual Harassment and Discrimination—Supervisors (English and Spanish)
- Connecticut Sexual Harassment Prevention and Response
- Diversity
- Drug-Free Workplace—Supervisor
- Ethics in Action
- Fair and Accurate Credit Transaction Act (FACTA)
- Family Medical Leave Act (FMLA)
- Interviewing Strategies
- Job Applications
- Maine Sexual Harassment Prevention and Response
- Personnel Files
- Sensitivity Basics: Creating Positive Working Relationships
- Sexual Harassment and Discrimination—Employees
- Sexual Harassment and Discrimination—Supervisors
- New York City Sexual Harassment and Discrimination—Employees (English and Spanish)
- New York City Sexual Harassment and Discrimination—Supervisors (English and Spanish)
- New York State Sexual Harassment and Discrimination—Employees (English and Spanish)
- New York State Sexual Harassment and Discrimination—Supervisors (English and Spanish)
- Smart Hiring
- Smart Risk Management—Core Principles
- Theft
- Unsafe Acts
- Violence Prevention
- Workers Compensation Essentials
- Workplace Investigations Basics
- Wrongful Termination

Safety Training

- Accident Investigation Techniques
- Asbestos Awareness (General Industry)
- Basic Conveyor Safety
- Bloodborne Pathogens (English and Spanish)
- Creating a Safe Holiday Celebration
- Common Fire and Life Safety Hazards
- Continuity of Operations Planning
- Defensive Driving—Accident Scene Management
- Defensive Driving—Backing Safely, R is for Reverse
- Defensive Driving Basics—Part I (English and Spanish)
- Defensive Driving—Changing Lanes Safely
- Defensive Driving—Driving Safely in School Zones
- Defensive Driving—General Auto Risk Management
- Defensive Driving—Intersections
- Defensive Driving—Reducing Deer-Related Incidents
- Defensive Driving—Safe Following Distance
- Defensive Driving—Spring Weather Conditions
- Defensive Driving—Winter Weather Conditions
- Determining the Root Cause of Accidents
- Disaster Planning 101
- Electrical Safety (English and Spanish)
- Ladder Safety
- Employee and Family Disaster Planning
- Evacuation Planning and Procedures
- Fire Prevention Practices (English and Spanish)
- Forklift Safety Basics for General Industry
- Hazard Communication (English and Spanish)
- Hearing Protection
- Housekeeping—Custodial, Safe Housekeeping Practices
- Identifying Strain and Exertion Exposures (English and Spanish)
- Lead-Based Paint
- Lockdown Procedures
- Lockout/Tagout (English and Spanish)
- Machine Guarding (English and Spanish)
- Means of Egress (English and Spanish)
- Mold
- Office Ergonomics Defined
- Office Ergonomics—Working in Comfort
- Office Workstation Safety
- Office Workstation Safety for Supervisors
- Personal Protective Equipment (English and Spanish)
- Portable Fire Extinguishers I
- Portable Fire Extinguishers II
- Power Tool Safety
- Preparation for Physical Activity
- Preventing Back Injuries (English and Spanish)
- Preventing Slips, Trips and Falls (English and Spanish)
- Preventing Injuries When Lifting, Moving and Transferring Residents
- Safety Pays for Life
- Temp Staffing Services, Employee Safety Orientation (English and Spanish)

Safety Shorts

Two safety shorts are considered one module selection.

- Bloodborne Pathogens
- Electrical Safety
- Emergency Procedures
- Fire Prevention and Protection
- Hand and Power Tools
- Hazard Communication
- Housekeeping/Custodial—Before You Start
- Housekeeping/Custodial—Cleaning by Hand
- Housekeeping/Custodial—Emptying Trash
- Housekeeping/Custodial—Mopping and Emptying Buckets
- Housekeeping/Custodial—Preventing Slips, Trips and Falls
- Housekeeping—General
- Ladder Safety
- Lockout/Tagout
- Personal Protective Equipment
- Safe Lifting Practices
- Slip, Trip and Fall

The Gallagher Way.
Since 1927.

Gallagher STEP

A web based Learning Management System containing HR, Health and Safety online training modules that can be used as part of Coffeyville's overall Risk Control Program.

Coffeyville will have access to up to 10 complimentary online modules of their choice for an unlimited number of users and views, safety and health bulletins are also emailed to each user

Why Gallagher Public Sector?

About Gallagher

SUSTAINED GROWTH. STEADY FOCUS ON QUALITY



Insurance | Risk Management | Consulting

Global Reach. Local Presence.

SHARED VALUES + PASSION OF EXCELLENCE = PROMISES DELIVERED

The Gallagher Way

25 TENETS THAT HAVE GUIDED A TEAM-ORIENTED CULTURE FOR 30+ YEARS

\$8.4B

TOTAL ADJUSTED BROKERAGE &
RISK MANAGEMENT REVENUES (2022)

SOCIAL RESPONSIBILITY

COMPANYWIDE FOCUS ON ETHICAL CONDUCT,
EMPLOYEE HEALTH AND WELFARE, ENVIRON-
MENTAL INTEGRITY AND COMMUNITY SERVICE.

43,000+

EMPLOYEES WORLDWIDE

1,200+

OFFICES GLOBALLY

FOUNDED IN 1927

FAMILY RUN

130+

COUNTRIES SERVED



About Gallagher

LEADERS IN PUBLIC SECTOR K-12 EDUCATION



Insurance | Risk Management | Consulting



\$3.5+ in
annual premium



19,700+
public sector clients



450+
dedicated experts

Who we serve

- Cities, counties, parishes & villages
- Special districts (fire, water, transit & utilities)
- State governments
- Insurance pools, cooperatives, JIFs, JPAs & mutual insurance companies
- K12 public, private & charter schools

Our clients in numbers

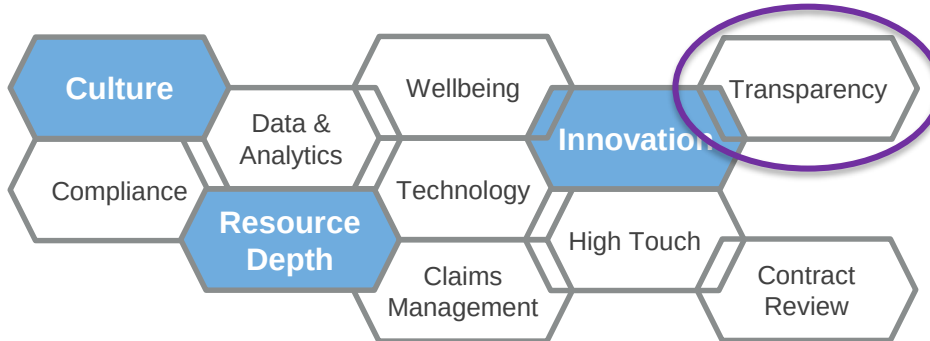
- More than 4,500 schools
- 40% of the largest public schools
- Thousands of individual cities, counties, parishes, schools and special districts
- 110 public sector and K-12 education pools (covering an estimated 10,000 individual entities)
- More than 300 special districts
- 23 state government clients and 80 tribal government clients

What we deliver

- Insurance and risk management
- Benefits and HR consulting
- Claims management
- International solutions
- Crisis resilience services
- Pools, captives and alternative risk transfer

Why Gallagher Public Sector ?

1. City of Coffeyville & Gallagher Public Sector 14 Year Partnership
2. Public Sector is the foundation of Gallagher
3. Full Market Access
4. Offers stability and options
5. Proactive Thinking
6. Only broker on Ethisphere's World's Most Ethical Companies™ list, 13 years in a row
7. We run towards problems, and bring solutions
8. Fully integrated and collaborative client delivery support
9. Operated on an “*Educate Early, No Surprise*” client service philosophy



Thank You!



&



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Midwest Public Risk of Kansas, Inc. BYLAWS



MEMBER OWNED | MEMBER FOCUSED

TABLE OF CONTENTS
BYLAWS OF MIDWEST PUBLIC RISK OF KANSAS, INC.

	Page
ARTICLE 1 DEFINITIONS.....	1
ARTICLE 2 NAME; PRINCIPAL OFFICE	2
Section 2.1 Name; Principal Office	2
ARTICLE 3 INTENT; NOT BUSINESS OF INSURANCE.....	3
Section 3.1 Intent	3
Section 3.2 Not Business Of Insurance.....	3
Section 3.3 Not-for-Profit Organization	3
ARTICLE 4 MPR KANSAS POWERS	3
Section 4.1 MPR Kansas Powers.....	3
ARTICLE 5 MEMBERS	5
Section 5.1 Member Eligibility and Admission.....	5
Section 5.2 Member Rights.....	5
Section 5.3 Member Obligations	5
Section 5.4 Limitations on Member Liability	6
Section 5.5 Annual Member Meeting	7
Section 5.6 Special Membership Meeting	7
Section 5.7 Quorum; Voting Rights.....	7
Section 5.8 Withdrawal.....	8
Section 5.9 Termination.....	8
Section 5.10 Application of Sections 17-6501 to 17-6523 of the Code	10
ARTICLE 6 BOARD OF DIRECTORS	10
Section 6.1 Powers; Election; Vacancies.....	10
Section 6.2 Director Qualifications.....	11
Section 6.3 Director Compensation and Expenses	11
Section 6.4 Board Officers.....	11
Section 6.5 Board Powers	12
Section 6.6 Committees	13
Section 6.7 MPR Kansas Policies and Procedures	13
Section 6.8 Meetings.....	13
ARTICLE 7 PRESIDENT/CEO	14

Section 7.1	President/CEO; Appointment; Authority.....	14
ARTICLE 8	COVERAGE DOCUMENTS; UNDERWRITING CONTRIBUTIONS	14
Section 8.1	Coverage Documents	14
Section 8.2	Modification of Coverage Documents and Conflicts	15
Section 8.3	Coverage Questions; Appeals and Other Disputes	15
Section 8.4	Acceptance and Withdrawal of Coverages	15
Section 8.5	Contributions.....	16
Section 8.6	Underwriting	16
Section 8.7	General and Separate Funds.....	16
Section 8.8	Commingling of Program Funds Prohibited.....	16
Section 8.9	Member Privilege.....	16
ARTICLE 9	MPR KANSAS ASSETS.....	17
Section 9.1	MPR Kansas Assets	17
Section 9.2	Excess or Surplus Distributions	17
Section 9.3	Special Assessments	17
ARTICLE 10	STANDARD OF CARE; BOND; INDEMNIFICATION	17
Section 10.1	Standard of Care	17
Section 10.2	Bond	18
Section 10.3	Indemnification	18
ARTICLE 11	DISSOLUTION AND DISTRIBUTION	18
Section 11.1	Dissolution	18
Section 11.2	Distribution of Assets	18
ARTICLE 12	MISCELLANEOUS	18
Section 12.1	Intergovernmental Contract	18
Section 12.2	Governing Law	19
Section 12.3	Binding Effect.....	19
Section 12.4	Disputes.....	19
Section 12.5	Severability	19
Section 12.6	Amendment.....	19

MIDWEST PUBLIC RISK OF KANSAS

BYLAWS

Date of Adoption: March 23, 2016

Effective Date: July 1, 2016

WHEREAS, it is in the mutual interest of the parties hereto to join together to establish and to operate a cooperative program of loss control and risk management, and to provide risk services and risk coverages and other programs which are designed to meet the unique needs of governmental entities; and

WHEREAS, The Kansas Municipal Group-Funded Pool Act, K.S.A. § 12-2616 et seq. (the "Group-Funded Pool Act"), as amended, authorizes five or more Kansas municipalities to form a not for profit business entity to provide liability and all other risk coverages for its members; and

WHEREAS, the Group-Funded Pool Act further authorizes qualifying municipalities in Kansas to join such entity; and

WHEREAS, all of the governmental entities which are party to these Bylaws desire to become members of Midwest Public Risk of Kansas, Inc. ("MPR Kansas") and intend that these Bylaws shall constitute a contract among them;

NOW THEREFORE, in consideration of the mutual advantages to be derived herefrom and by the execution of these Bylaws as a contract, all of the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

Unless the context requires otherwise, the following terms shall have the following meanings:

"Code" shall mean K.S.A. Chapter 17, Articles 60 to 74, inclusive, 1972 General Corporation Code.

"Contribution(s)" shall mean any payment required by MPR Kansas to be paid for the receipt by a Member of any MPR Kansas Program or Services, or to satisfy any other Member obligations under these Bylaws.

"Coverage Document(s)" shall mean the written documents approved by MPR Kansas and which are either issued by MPR Kansas or purchased through commercial insurance companies, which set forth the terms and conditions of any Program.

"Member(s)" shall mean any governmental entity which is authorized by the statutes or other applicable law of the State of Kansas to enter into contracts or other arrangements for the

purpose of pooling resources for liability and other risk coverages and related services and which qualify as political subdivisions, public governmental bodies, or quasi-public governmental bodies as specified in the Group-Funded Pool Act. The constituent individual participants in any Member entity whose purpose or function is to administer or sponsor such participants as a collective body shall not be deemed to be Members of MPR Kansas, and only such administering or sponsoring Member entity shall be entitled to single Member status upon such terms and conditions as the Board of Directors shall determine.

“Member Representative(s)” shall mean the individual, who shall be either an elected official or a full-time employee of a Member, who has been duly appointed by a Member to represent the Member’s interest in MPR Kansas and to carry out the obligations of a Member Representative under these Bylaws.

“Nominating Committee” shall have the meaning set forth in Section 6.6 hereof.

“Policy(ies) or Procedure(s)” shall mean any rules or guidelines which may be promulgated from time to time by the MPR Kansas Board of Directors or President/CEO which are not Coverage Documents and which shall be necessary to carry out the purposes of MPR Kansas.

“Program(s)” shall mean any coverages which are authorized by the Kansas Insurance Department and provided through MPR Kansas to its Members from time to time including, but not limited to, property and liability and employee benefits.

“Resolution(s)” shall mean any ordinance, resolution or other edict or means by which the governing body of a Member takes official action on behalf of, or takes official action which is intended to be binding upon, the Member.

“Service(s)” shall mean those services which are provided through MPR Kansas to its Members from time to time which are not Programs and which include, but shall not be limited to, loss control, risk management, administration, claims adjusting, legal defense, and education.

ARTICLE 2

NAME; PRINCIPAL OFFICE

Section 2.1 Name; Principal Office

The name of the corporation shall be Midwest Public Risk of Kansas, Inc. (hereinafter “MPR Kansas”).

The Board of Directors shall establish, at a location within the State of Kansas, MPR Kansas’s principal office.

ARTICLE 3

INTENT; NOT BUSINESS OF INSURANCE

Section 3.1 Intent

It is the intent of the Members that MPR Kansas shall provide comprehensive and cooperative Programs and Services to its Members and that the Members shall pay for the costs and other obligations of MPR Kansas through Contributions and the utilization of deductibles, retentions, purchase of reinsurance, excess insurance, insurance, or other provisions for the payment of Member losses and expenses.

Section 3.2 Not Business Of Insurance

The provision of Programs and Services by MPR Kansas to its Members is not, and shall not be deemed to constitute, the transaction of an insurance business, and MPR Kansas is not, and shall not be deemed to be, an insurance company or insurer under the laws of any state.

Section 3.3 Not-for-Profit Organization

MPR Kansas shall be organized and operated as a not-for-profit corporation under Kansas law. No part of MPR Kansas's assets or net income shall inure to the benefit of any individual including any director, officer, employee, or Member, except as may be authorized in these Bylaws and allowed by law; provided, however, that MPR Kansas shall be authorized to pay all expenses incurred in furtherance of the purposes set forth in these Bylaws, including reimbursement to directors, officers, employees, Members or others acting on behalf of MPR Kansas.

ARTICLE 4

MPR KANSAS POWERS

Section 4.1 MPR Kansas Powers

MPR Kansas shall have the following powers to carry out the purposes set forth in these Bylaws:

- (a) to establish and implement educational, technical assistance and other activities relating to risk management and loss control;
- (b) to establish reasonable and necessary loss control policies, procedures and programs to be followed by Members;
- (c) to establish underwriting and claims adjusting standards and procedures; such services may be performed by MPR Kansas staff or MPR Kansas may contract with others for such services, including legal defense;
- (d) to retain staff, agents and independent contractors and to provide for an employee benefits program for MPR Kansas employees;

- (e) to acquire, lease, hold or dispose of real or personal property;
- (f) to invest funds as authorized by law;
- (g) to collect and administer funds as needed and, within prudent reserving and actuarial standards, to set aside sufficient cash reserves for the payment of claims and expenses;
- (h) to establish rules for the calculation and payment of Contributions by Members or Member employees, including penalties for late payments;
- (i) to establish such lines of coverage as permitted pursuant to K.S.A. 12-2617;
- (j) to sue and be sued;
- (k) to enter into contracts including, but not limited to, contracts with state pools located in other states which assist MPR Kansas in carrying out its powers herein;
- (l) to establish rules for the reimbursement of members of the Board of Directors, officers, committee members and others for reasonable and necessary expenses while tending to official business on behalf of MPR Kansas;
- (m) to determine deductible and retention levels of the self-funded program and the amount of risk to be retained by MPR Kansas or Members and the amount of risk to be transferred to others;
- (n) to borrow money or issue bonds or other financial obligations to fund MPR Kansas Programs and Services;
- (o) to purchase or provide fidelity bond coverage or other risk coverage for officers, Directors and employees of MPR Kansas;
- (p) to be subrogated to the rights of its Members and to seek recovery in the name of its Members from any person or entity responsible for a claim or loss;
- (q) to declare and pay dividends and refunds as allowed by law;
- (r) to determine Coverage Documents and Policies and Procedures which are necessary, desirable or expedient to provide the Services and Programs authorized by these Bylaws;
- (s) to perform such other activities which are necessary, expedient, implied or desirable to carry out the purposes of MPR Kansas; and
- (t) to perform any such other acts which are allowed by law to be performed under the Code.

ARTICLE 5 MEMBERS

Section 5.1 Member Eligibility and Admission

Subject to the payment of appropriate Contributions and under such terms and conditions as the Board of Directors may establish, new Members may be admitted with the approval of the majority of the total membership of the Board of Directors. Only those governmental entities which meet the Member definition in these Bylaws, and have submitted a copy of the minutes documenting a majority vote or Resolution from the new Member's governing body granting the authority to execute these Bylaws (or have otherwise assured MPR Kansas of their obligation to comply with these Bylaws) may be accepted for membership.

The Board of Directors of MPR Kansas may delegate authority to review and accept or reject applications for membership by written agreement to such persons or entity and in such manner as it may determine to be consistent with the best interests of MPR Kansas.

Section 5.2 Member Rights

The rights of Members, which shall be exercised by the Member Representative of each Member, shall be as follows:

- (a) to vote on all matters which shall be presented to Members for a vote at any Member meeting;
- (b) to elect, in accordance with the procedures described in these Bylaws, eligible candidates to the Board of Directors;
- (c) to apply for and receive and participate in Programs and Services for which the Member is qualified upon such terms and conditions as the Board of Directors shall determine; and
- (d) to exercise all other rights and privileges as are described in these Bylaws and as are allowed under the Code.

Section 5.3 Member Obligations

The obligations of Members shall be as follows:

- (a) to continuously maintain participation in no less than one MPR Kansas Program;
- (b) to designate in writing, by the chief administrative officer of the Member, a Member Representative. MPR Kansas shall not be required to contact any other individual except the Member Representative for any action or notification which may be required by these Bylaws or MPR Kansas rules. All notices to or agreements with the Member Representative shall be binding upon the Member. A Member may change the Member Representative by giving written notice to MPR Kansas;

(c) to promptly make all Contributions and other payments which are due to MPR Kansas at such times and in such amounts as shall be required by MPR Kansas;

(d) with reasonable notice and during normal work hours, to permit MPR Kansas and its agents, officers and employees access to all facilities and records of the Member, including but not limited to financial records, as they relate to the operations of MPR Kansas;

(e) to report immediately to MPR Kansas, as required by relevant Program Coverage Documents and Policies and Procedures, all occurrences which could reasonably be expected to result in a claim against the Member, its agents, officers or employees or for losses to Member property, within the scope of the Programs provided by MPR Kansas;

(f) to cooperate fully with MPR Kansas claims adjustors, agents, employees and attorneys in the investigation and settlement of any claim or lawsuit within the scope of Programs or Services provided by MPR Kansas, and to acknowledge that MPR Kansas has the final authority to select legal defense counsel for any lawsuit brought under the Programs provided by MPR Kansas to the Member;

(g) to implement, as finances and circumstances permit, MPR Kansas recommended risk management and loss control policies and procedures, and also to permit Member officials and employees to participate in MPR Kansas sponsored conferences and seminars;

(h) to report to MPR Kansas, as required by MPR Kansas Program Coverage Documents or Policies and Procedures, the addition of new services, programs or facilities, the reduction or expansion of existing operations and facilities, or other facts that could reasonably be expected to affect the Member's loss experiences or create potential risks;

(i) to provide MPR Kansas as promptly as possible with all requested information needed for determining Member loss exposures and Contributions;

(j) to take an active role in the business of MPR Kansas, including assignment of personnel to serve on various MPR Kansas committees; and

(k) to comply with all terms and conditions of these Bylaws, Coverage Documents and Policies and Procedures.

Except as expressly set forth to the contrary in these Bylaws or MPR Kansas's Articles of Incorporation, the rights and obligations of Members shall be identical in all respects.

Section 5.4 Limitations on Member Liability

Except as specifically required by MPR Kansas's Articles of Incorporation, Bylaws, or by law, no Member shall be responsible for any claim in tort or contract made against any other Member solely on account of a Member's participation in MPR Kansas. By executing these Bylaws, the Members have not created between or among themselves any relationship or partnership, suretyship, indemnification or responsibility for debts or claims against any other Member. These Bylaws shall not relieve any Member of any obligation or responsibility

imposed upon it by law, except to the extent that actual and timely performance by MPR Kansas satisfies such obligation or responsibility in whole or in part.

Section 5.5 Annual Member Meeting

There shall be one annual membership meeting of MPR Kansas held each year at a time and place to be designated by the Board of Directors. Notice of such meeting shall be sent by first class mail to Member Representatives at least ten (10) days in advance of the meeting. Failure of any Member Representative to receive such notice shall not nullify any action taken at an annual membership meeting. Notice of such meeting may also be given by electronic means.

The President/CEO shall prepare the agenda for the annual membership meeting and shall include on such agenda any item requested by five (5) or more Member Representatives at least twenty (20) days prior to the meeting. Any subject relating to MPR Kansas may be discussed at the annual membership meeting.

At the annual meeting, the President/CEO and chief financial officer of MPR Kansas shall report to the Members on the activities and financial condition of MPR Kansas.

Section 5.6 Special Membership Meeting

A special Membership meeting may be called by a majority of the total membership of the Board of Directors or upon the petition of one-third (1/3) of the Members acting through their Member Representatives. A special membership meeting must be held within sixty (60) calendar days after receipt of a valid petition; provided, however, that if the annual membership meeting is scheduled to occur within sixty (60) days after receipt of the request for the special membership meeting, then no separate special membership meeting shall be held. If a valid petition is received within sixty (60) calendar days prior to the annual membership meeting, the topic or topics contained in the petition shall be placed on the agenda for that meeting.

Notice of a special membership meeting shall be mailed, by first class mail, to each Member Representative at least ten (10) days in advance of the meeting date. Failure of any Member Representative to receive such notice shall not nullify any action taken at a special membership meeting.

Only those matters which are within the purpose or purposes described in the meeting notice may be considered at a special membership meeting. The Board of Directors shall establish the time and place for all special membership meetings.

Section 5.7 Quorum; Voting Rights

A quorum of Thirty-Three and One-Third percent (33 1/3 %) of Member Representatives shall be required to conduct business at a special or annual membership meeting. No absentee or proxy voting shall be allowed at any membership meeting. Each Member shall be entitled to one vote that must be cast by the Member Representative.

The Chair of the Board of Directors shall preside at all membership meetings and, if the Chair is attending the meeting in the capacity of Member Representative, shall be entitled to vote on all matters coming before the meeting.

Section 5.8 Withdrawal

A Member may withdraw from membership in MPR Kansas as of the end of MPR Kansas's fiscal year provided that such Member has given MPR Kansas at least ninety (90) days' prior written notice of its intention to withdraw and provided further that such Member ceases participation in all MPR Kansas Programs and Services as of the date of withdrawal. Members who withdraw from MPR Kansas shall remain eligible to receive any distributions, dividends or refunds for any full Program Year in which such Members participated in such proportion as provided herein; provided, however that, pursuant to K.S.A. 12-2621 any Member that withdraws before the end of a Program Year shall not be eligible for any refunds or dividends for the Program Year that such Member failed to complete.

A notice of Member withdrawal shall be accompanied by a Resolution adopted by the governing body of the Member which authorizes the withdrawal of the Member from MPR Kansas. Such notice shall be final and binding. No notice of Member withdrawal shall be effective unless it is accompanied by such governing body Resolution.

A withdrawing Member shall continue to be responsible for all obligations after the date of withdrawal that relate to the term of membership including, but not limited to, obligations for special assessments. The withdrawing Member shall be subject to all MPR Kansas Policies and Procedures pertaining to any obligation, claim or lawsuit covered by MPR Kansas.

Any Member who withdraws from MPR Kansas without complying with the foregoing obligations shall be obligated to pay to MPR Kansas liquidated damages equal to 25% of the Member's annual Contributions paid by such Member in its final full year of participation in MPR Kansas. Member agrees to pay such liquidated damages within twenty (20) calendar days following receipt of the computation of the amount due. MPR Kansas and Member agree that the failure of Member to withdraw from MPR Kansas in accordance with the foregoing procedures shall cause damage to MPR Kansas in amounts which it is not possible calculate at this time and that these liquidated damages are a good faith estimate of the damages as to which the Member shall be obligated to MPR Kansas.

Section 5.9 Termination

(a) Termination

A Member may be terminated from membership in MPR Kansas for cause upon a majority vote of the total membership of the Board of Directors. The effective date of such termination shall be as determined by the Board of Directors, except that such termination shall take effect no later than ninety (90) days following the Board's decision to terminate. For purposes of this Section, cause shall be deemed to include the following:

- (1) failure to maintain at least one Program with MPR Kansas;

(2) failure to make any Contribution due to MPR Kansas in accordance with the directives of the MPR Kansas Board of Directors;

(3) failure to undertake or to continue risk management or loss control measures recommended by MPR Kansas;

(4) failure to allow MPR Kansas and its agents reasonable access to all facilities and records of the Member which are necessary for the proper administration of MPR Kansas;

(5) failure to cooperate fully with MPR Kansas officers, employees, attorneys, claims adjusters or other agents;

(6) failure to file required reports with MPR Kansas or the filing of a false claim or report or any conduct which impairs the ability of MPR Kansas to carry out its purposes;

(7) adverse loss experience as determined by the Board of Directors;

(8) breach of any of Member's obligations under these Bylaws, MPR Kansas Coverage Documents, or MPR Kansas Policies and Procedures; or

(9) failure of a Member, the elected governing body of the Member, or of other personnel of the Member to exercise the Member's powers or fulfill the Member's duties in accordance with the constitution or statutes of the state which has enabled the creation of the Member and which has prescribed the Member's classification as a governmental entity;

(10) a Member becomes ineligible for MPR Kansas Membership pursuant to § 5.1 of these Bylaws; provided that such Member may not be terminated during the Program year if such Member's ineligibility is established after the first day of a Program year; or

(11) any other cause that is deemed good cause by a two-third (2/3) vote of the entire Board of Directors.

(b) Notification; Hearing, Obligations

A Member shall be terminated immediately and without further notice upon the failure of a Member to maintain at least one Program or receive any Services from MPR Kansas. A Member shall be terminated with not less than thirty (30) days notice upon the determination by the Board of Directors that such Member has adverse loss experience. In all other cases, a Member may be terminated only after written notice sent by certified or first class mail from the President/CEO of MPR Kansas stating the reasons for termination. Such notice shall provide the Member thirty (30) calendar days to cure the grounds for termination. The Member may request a hearing before the Board of Directors prior to the final termination of the Member's membership in MPR Kansas. The President/CEO of MPR Kansas shall present the case for

termination to the Board of Directors, and the Member shall have reasonable opportunity to present its case to the Board of Directors.

The decision by a majority of the total members of the Board of Directors to terminate a Member after notice and hearing or after the failure of the Member to cure the grounds given for termination shall be final and shall not be subject to appeal in any forum. The termination shall take effect thirty (30) calendar days after the decision to terminate is approved by the Board of Directors.

A terminated Member shall forfeit all rights to any MPR Kansas refunds, dividends, or distribution of assets upon dissolution after the effective date of termination. Any terminated Member shall continue to be bound to those same continuing obligations as to which a withdrawing Member is obligated in accordance with Section 5.8 of these Bylaws.

Section 5.10 Application of Sections 17-6501 to 17-6523 of the Code

The provisions of Sections 17-6501 to 17-6523 of the Code shall apply to MPR Kansas except to the extent the provisions of such Sections are inconsistent with the Articles of Incorporation of MPR Kansas or these Bylaws, provided, however, that no Section allowing proxy voting shall apply to MPR Kansas.

ARTICLE 6 BOARD OF DIRECTORS

Section 6.1 Powers; Election; Vacancies

The Board of Directors shall consist of seven (7) members. The Board of Directors shall adopt rules for the election of Directors by the Member Representatives and for appointment to fill Director vacancies by the Board of Directors, provided that the following conditions are fulfilled:

(a) at least two members of the Board of Directors shall be from the six largest Members as measured by total contributions paid in MPR Kansas's most recent fiscal year;

(b) each Member Representative shall be entitled to one vote for each Director position to be filled;

(c) Directors shall serve three year, staggered terms provided that no Director may serve more than two consecutive three-year terms or a total of six consecutive years. Board service by individuals appointed to fill the remainder of an unexpired term shall not be considered for purposes of these limitations;

(d) Directors shall assume office at the end of the annual membership meeting following election;

(e) by majority vote of the total number of serving Directors, the Board of Directors shall appoint qualified individuals to fill vacancies on the Board of Directors for the remainder of any unexpired term;

(f) the number of Directors may be increased or decreased by a supermajority vote of two-thirds (2/3) of the Members at the annual meeting of Members as defined by Section 5.5; and

(g) the Board of Directors shall adopt rules for the nomination of qualified candidates to run for election to the Board of Directors.

Section 6.2 Director Qualifications

All Directors shall be full time employees of a Member. Any Director who fails to meet this requirement or whose Member entity withdraws or whose membership in MPR Kansas is terminated as provided in these Bylaws shall immediately forfeit the Director's position. All directors shall meet the requirements of the Code.

Section 6.3 Director Compensation and Expenses

Directors shall serve without compensation. Directors' reasonable and necessary expenses related to service on the Board of Directors shall be paid or reimbursed by MPR Kansas.

Section 6.4 Board Officers

The first agenda item, following roll call, at the first meeting of the Board of Directors following the annual meeting shall be the election of MPR Kansas officers (the "Board Officers"). The Board of Directors shall review the nominees recommended by the Nominating Committee created for such purpose and elect, by majority vote from its membership, a Chair, Vice-Chair, Secretary and a Treasurer. The Board of Directors may elect persons nominated by the Nominating Committee or may elect persons not so nominated to one or more Board Officer positions provided that such persons meet the qualifications and requirements set forth herein. Only Directors who have previously served at least one term on the Board of Directors shall be eligible for the positions of Chair and Vice-Chair. These Board Officers shall immediately assume their offices and shall serve until the next regular meeting of the Board of Directors following the annual meeting or until their successors are duly elected and qualified. The President/CEO shall serve temporarily as presiding officer during the election of Board Officers.

The Chair shall preside at all Board of Directors meetings and shall be entitled to vote on all matters brought before the meeting. The Chair shall also, with the approval of the Board, appoint all committee members. The Board may also authorize the Chair to represent the interests of MPR Kansas before such organizations as the Board shall designate. The Vice Chair shall act in the Chair's absence.

The Secretary shall prepare, or cause to be prepared, the official minutes of all meetings of the Board of Directors and of the Members, and shall authenticate all MPR Kansas official records.

The Treasurer shall prepare or cause to be prepared an accurate accounting of all MPR Kansas assets and liabilities and all receipts and disbursements. The Treasurer shall perform the duties generally incident to the office of Treasurer.

In the case of a vacancy in any office, the Board of Directors shall, at the Board of Directors' next regular meeting, appoint a qualified Director to fill the unexpired term. No individual may serve more than three consecutive one year terms in the same office position.

One person may hold more than one of the offices described above; provided, however, that the same person may not serve as both Chair and Vice-Chair or Chair and Secretary.

Section 6.5 Board Powers

Except as otherwise required by law, MPR Kansas's Articles of Incorporation, or these Bylaws, all corporate powers of MPR Kansas shall be exercised by or under the authority of, and the affairs of MPR Kansas shall be managed under the direction of, the Board of Directors. The Board of Directors shall have the authority and power to take all steps and actions necessary, desirable or expedient to fulfill the obligations and objectives contained in these Bylaws. The enumeration of any specific duty or power is not to be construed as a limitation upon the right to exercise any other powers or duties.

Subject to any applicable laws, and upon such terms as the Board of Directors shall establish in accordance with Section 9.2 of these Bylaws, the Board of Directors may, but shall not be required to, declare refunds or dividends to Members. Except for withdrawing Members which have retained rights pursuant to agreement with the Board of Directors at the time of withdrawal, any Member who withdraws prior to the declaration of any refund or dividend from the Program as to which the refund or dividend is based shall surrender all rights to such refund or dividend. Any dividend or refund allocable to a Member shall first be used to offset and reduce the amounts, if any, which may be due and unpaid to MPR Kansas from such Member.

The Board of Directors shall approve and execute a management and administration agreement with Midwest Public Risk ("MPR") for implementation of the Risk Sharing Agreement.

The Board of Directors may enter into interlocal agreements with other types of coverage risks, and may enter into similar interlocal agreements with other appropriate entities, subject to applicable law, at the discretion of the Board of Directors.

The Board of Directors shall select a qualified public accounting firm to audit, on an annual basis, MPR Kansas's financial records in conformance with generally accepted accounting principles, relevant laws and these Bylaws. A copy of the audit shall be distributed as required by law.

The Board of Directors shall adopt an annual budget in a form and manner determined by the Board of Directors.

The Board of Directors shall adopt rules governing the conduct of Directors and Director meetings, including, but not limited to, an attendance policy. Directors may only be removed by the majority vote of a quorum of a meeting of the Members.

Section 6.6 Committees

The Board of Directors shall appoint a committee for the nomination of Board Officers (the "Nominating Committee") at each June meeting of the Board of Directors. The Nominating Committee shall develop recommendations regarding the election of Board Officers for consideration by the full Board of Directors at the first meeting of the Board of Directors following the annual meeting, and shall develop similar recommendations for appointments to fill any vacancies in Board Officer positions. Members of the Nominating Committee shall serve one (1) year terms.

The Board of Directors may create advisory and technical committees as deemed necessary or expedient. The Board of Directors shall determine committee duties, number of members, and membership qualifications and terms. The Chair shall, with the approval of the Board of Directors, appoint all committee members and committee chairs, with the exception of the Nominating Committee. At least one Member of the Board of Directors shall serve on each committee. No committee shall possess or exercise the authority or power of the Board of Directors.

Section 6.7 MPR Kansas Policies and Procedures

The Board of Directors shall adopt Policies and Procedures, not in conflict with these Bylaws, that are necessary, expedient or desirable for the operation and functioning of MPR Kansas. All Members, Directors, officers, employees and other service providers shall be subject to and adhere to such Policies and Procedures.

Section 6.8 Meetings

The Annual Meeting of the Board of Directors shall be held immediately following the annual Member meeting for the purpose of electing MPR Kansas officers and transacting such other business as may properly be brought before the meeting. In addition to such Annual Meeting, the Board of Directors shall hold regular meetings on the first Wednesday of February, April, June and December of each year at 10:00 a. m. or at such other time and place as may be designated by the Board of Directors. Special Board of Directors' meetings may be called by the Chair or by 1/3 of the Directors. Any topic may be discussed at a regular meeting; only topics on the agenda may be discussed at a special meeting. Directors and Member Representatives shall receive at least five (5) days' written notice of all Board of Directors meetings, which notice may be electronic.

A quorum consisting of a majority of the serving Directors shall be present in order to conduct business at any Board of Directors meeting. Directors may participate in any meeting of the Board of Directors by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can simultaneously hear each other, participation in this manner shall constitute the presence of a Director at the meeting for purposes of quorum and voting. The President/CEO shall prepare the agenda for all Board of Directors meetings.

All Board of Directors meetings, except those permitted by law to be closed, shall be open to the public, and all votes shall be public except as otherwise permitted or required by law

or these Bylaws. Unless notice is provided to the contrary, all meetings of the Board of Directors shall be held at MPR Kansas's principal office.

Except as required by law or these Bylaws, a majority vote of the Directors present at a meeting at which a quorum is present shall be required to approve all motions or other actions of the Board.

ARTICLE 7 PRESIDENT/CEO

Section 7.1 President/CEO; Appointment; Authority

There is hereby created the position of President/Chief Executive Officer ("President/CEO") who shall be appointed and may be removed by a majority of the total membership of the Board of Directors. The President/CEO shall be an officer of MPR Kansas.

The President/CEO shall be MPR Kansas's chief executive officer and shall be responsible to the Board of Directors for the proper administration and conduct of all Programs and Services offered by MPR Kansas. All agents, employees and independent contractors shall report to the Board of Directors through the President/CEO and shall be supervised by the President/CEO.

Subject to any limitations adopted by the Board of Directors, the President/CEO is authorized to settle all claims or cases involving the Programs provided by MPR Kansas.

The President/CEO shall prepare and submit to the Board of Directors, for consideration prior to the start of each fiscal year, a recommended budget for the forthcoming year. The President/CEO shall attest to all official records, sign contracts, select, appoint and supervise all employees, implement the adopted annual budget, and do all other things customary to this position.

The President/CEO shall be a member of all standing and special committees and shall be entitled to attend all Board of Directors and committee meetings with a right to speak but not to vote on issues. The President/CEO may be excused from Board or committee meetings pertaining to the President/CEO's employment or job performance.

ARTICLE 8 COVERAGE DOCUMENTS; UNDERWRITING CONTRIBUTIONS

Section 8.1 Coverage Documents

MPR Kansas Programs shall be described in separate Coverage Documents. MPR Kansas may add, delete, or modify the Coverage Documents for such Programs as the Board of Directors may determine. When a Member has other valid and collectable insurance policies or other similar protection against losses covered by MPR Kansas, all MPR Kansas Programs for such lines of coverage shall be considered excess only and not primary or contributory.

Section 8.2 Modification of Coverage Documents and Conflicts

Coverage Documents may be modified by the President/CEO to meet specific Member or MPR Kansas needs and shall be provided to the Member. Such Coverage Documents shall be subject to all of the terms and conditions of these Bylaws and MPR Kansas Policies and Procedures. In case of any conflict between the Coverage Documents and these Bylaws, these Bylaws shall be controlling.

Section 8.3 Coverage Questions; Appeals and Other Disputes

The President/CEO shall decide all questions of coverage in specific cases. A Member may appeal the President/CEO's decision to the Board of Directors. Notification of such appeal must be taken no later than sixty (60) calendar days after the date of the President/CEO's decision. The Member shall have the opportunity to appear and present evidence to the Board of Directors. The Board of Directors' decision, by a majority of the total membership of the Board of Directors, shall be final and not subject to appeal in any forum.

The Board of Directors shall decide all other disputes between MPR Kansas and any Member involving these Bylaws, Coverage Documents or Policies and Procedures. The Board of Directors' decision, by a majority of the total membership of the Board of Directors, shall be final and not subject to appeal in any forum.

Section 8.4 Acceptance and Withdrawal of Coverages

No Member shall receive any Program or Services unless the Member's request for such Program or Services is accompanied by either a copy of the minutes documenting a majority vote or a Resolution adopted by its governing body expressing the governing body's intention to secure the Program or Service from MPR Kansas.

Any Member may withdraw from, and cease participation in, any MPR Kansas Program or Service at the end of any contract year by giving at least ninety (90) days' notice, in writing, of its intention to withdraw. In the case of any such withdrawal from a Program, except for withdrawing Members which have retained rights pursuant to agreement with the Board of Directors at the time of withdrawal, the withdrawing Member shall forfeit all rights to any refunds, dividends or payments in dissolution which may be declared subsequent to the date of withdrawal with respect to the Member's past participation in the Program. A Member's request for withdrawal shall specifically state which Program or Service the Member desires to withdraw from and must be accompanied by a Resolution adopted by its governing body which expresses the governing body's intention to withdraw. Such notice shall be final and binding. Failure to submit such a governing body Resolution shall have the effect of voiding the notice of withdrawal as though such notice were not given.

A withdrawing Member from any Program shall continue to be responsible for all obligations after the date of withdrawal that relate to the prior coverage under the Program, including, but not limited to, the obligation to satisfy any special assessments. The withdrawing Member shall also be subject to all MPR Kansas rules pertaining to any obligation, claim or lawsuit covered by MPR Kansas.

Any Member who withdraws from any Program or Service and fails to provide the required ninety (90) days' notice of intention to withdraw shall pay liquidated damages equal to 25% of the Program's annual premium contribution paid by the Member in the prior year. The Member agrees to pay such liquidated damages within twenty (20) calendar days after receipt of a bill. MPR Kansas and the Member agree that it is not possible to calculate the damage to MPR Kansas which may be caused by the breach of this condition and that the foregoing percentage constitutes liquidated damages which are a good faith estimate by MPR Kansas and the Member. The Board of Directors, at its discretion, may shorten the ninety (90) days' notice period as it deems appropriate, provided that it shall have previously given written notice of such change to all of the Members.

Section 8.5 Contributions

MPR Kansas Programs and Services shall be funded by Contributions from its Members and Member employees for those Programs and Services in which Members desire to participate. The Board of Directors shall determine when Contributions are due and may impose charges for late payments. Each Member's account shall be reviewed on an annual basis.

Section 8.6 Underwriting

Contributions for Programs and Services paid by Members and their employees shall be determined in accordance with underwriting guidelines approved by the Board of Directors. Underwriting guidelines may be based upon any factor or combination of factors which relate to potential losses and which will produce sufficient income to pay losses and related administrative expenses. Underwriting guidelines shall be reviewed periodically to insure that they meet the stated objectives.

Section 8.7 General and Separate Funds

Contributions from Members shall be paid into a general fund. Monies shall be paid out of the general fund to such separate Program funds as the Board of Directors shall determine. Each separate Program shall have its own separate fund.

Section 8.8 Commingling of Program Funds Prohibited

Contributions paid and any assets attributable thereto by Members for any MPR Kansas Program shall not be used or devoted to any purpose other than to pay losses and expenses related to the specific Program, including any Program Fund established pursuant to any risk sharing agreement, for which the Contributions were paid.

Section 8.9 Member Privilege

The Board of Directors shall establish rules which shall govern and determine the settlement of claims or lawsuits covered by MPR Kansas Programs, provided that the Member may reject recommended settlements. If a Member exercises this privilege to reject a recommended settlement, the Member shall thereafter be responsible for all damages, expenses and costs, of every kind and description, without limitation, that exceed the rejected settlement and accrued loss adjustment expenses through the date of rejection by the Member.

ARTICLE 9 MPR KANSAS ASSETS

Section 9.1 MPR Kansas Assets

All Contributions, monies, and other assets, including interest or other investment earnings thereon paid by Members to MPR Kansas, and any other assets obtained in any other manner by MPR Kansas, shall be the property of MPR Kansas. No Member shall have any right or claim to such MPR Kansas assets including, but not limited to, any excess or surplus funds held by MPR Kansas, except such that are authorized specifically by MPR Kansas's Articles of Incorporation, these Bylaws, or by resolution of the Board of Directors. All assets of MPR Kansas, including but not limited to, any excess or surplus funds held by MPR Kansas, may be used for MPR Kansas purposes in such manner as the Board of Directors deems appropriate.

Section 9.2 Excess or Surplus Distributions

Provided that all statutory and regulatory requirements are complied with, including but not limited to the requirements of K.S.A. 12-2621(c), the Board of Directors, in its sole discretion, may determine to make distributions of excess or surplus funds from any Program to such Program's Members. The Board may delegate the authority to determine and make distributions of excess or surplus funds from any Program to such Program's Members by written agreement to Midwest Public Risk, a Missouri nonprofit corporation. Such distributions shall be limited to Members which were active participants in good standing in such Program throughout the entire Program Year for which a distribution was declared.

Section 9.3 Special Assessments

If, at any time, in the opinion of the Board of Directors, MPR Kansas's assets are insufficient to meet anticipated obligations for any Program or Service offered by MPR Kansas, the Board of Directors shall develop a financial plan to restore MPR Kansas's financial integrity. The Board may direct Members to pay a special assessment to eliminate such insufficiency provided that the Member was a participant at any time during the MPR Kansas fiscal year in the Program or Service which incurred the insufficiency. Each Member shall be assessed its pro rata share of the insufficiency based upon its relative percentage of the total Contributions or fees paid by all Members for the Program or Service as to which the insufficiency has arisen, and shall be jointly liable for payment of claims to the extent of the assets of the pool, as required by K.S.A. 12-2618(e).

A Member shall be and remain liable for any special assessment whether or not the Member was a MPR Kansas Member at the time of the levying of the special assessment.

ARTICLE 10 STANDARD OF CARE; BOND; INDEMNIFICATION

Section 10.1 Standard of Care

Directors, officers and employees of MPR Kansas shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties on behalf of MPR

Kansas. Such Directors, officers, and employees shall not be liable for any mistake of judgment or other action made, taken or committed by them in good faith nor for any action taken or omitted by any agent, employee or independent contractor who was selected with reasonable care. No Director shall be liable for any actions taken or not taken by any other Director.

Section 10.2 Bond

MPR Kansas may provide for a bond or other security to guarantee the faithful performance of the obligations of its Directors, officers and employees.

Section 10.3 Indemnification

MPR Kansas shall hold harmless and defend and indemnify all present and past Directors, officers and employees for actions taken by any such person in good faith within the scope of his or her authority or duties for MPR Kansas. This duty shall apply to any direct or derivative action involving the Director, officer or employee. To the extent permitted by law, the Board of Directors may enter into written indemnification agreements with individual Directors, officers and employees. MPR Kansas may also purchase liability insurance providing similar coverage for Directors, officers and employees.

ARTICLE 11 DISSOLUTION AND DISTRIBUTION

Section 11.1 Dissolution

MPR Kansas may be dissolved as of the last day of any MPR Kansas fiscal year upon a vote of two-thirds (2/3) of all Member Representatives.

Upon the dissolution of MPR Kansas, the then current Board of Directors shall take all actions which shall be necessary for the orderly winding down of MPR Kansas's Programs and Services and for the completion of MPR Kansas's dissolution and liquidation subject to the Code.

Section 11.2 Distribution of Assets

All net assets shall be distributed pro rata to the current and former Members of the respective programs. Such net assets shall be distributed, separately by Program by calculating the relative percentage of the total Program premium contributions for each Program paid by each current and former Member during MPR Kansas's existence prior to the date of dissolution and multiplying the net assets by that percentage.

ARTICLE 12 MISCELLANEOUS

Section 12.1 Intergovernmental Contract

These Bylaws shall constitute an intergovernmental contract among the Members and MPR Kansas. Nothing in these Bylaws shall be inconsistent with, or cause any Member to

violate, any constitutional or statutory provision which prohibits political subdivisions from becoming indebted in an amount exceeding in any one year the income and revenue provided for such year plus any unencumbered balances from previous years.

Section 12.2 Governing Law

These Bylaws shall be subject to, and governed by, the laws of the State of Kansas, including specifically the Code.

Section 12.3 Binding Effect

These Bylaws shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors or assigns, provided, however, that a Member may not assign its rights or delegate its duties without MPR Kansas's prior written consent.

Section 12.4 Disputes

In the event of any dispute hereunder which results in litigation, the prevailing party in such litigation shall be entitled to its reasonable attorneys' fees and expenses of such litigation. Any action against MPR Kansas by a Member shall be brought only in the county in which MPR Kansas's principal office is located.

Section 12.5 Severability

These Bylaws are expressly declared to be severable, and in the event that any article, provision, clause or other part of these Bylaws is declared invalid or unenforceable by a court of competent jurisdiction, such action or unenforceability shall not affect the validity or enforceability of any other article, provision or clause.

Section 12.6 Amendment

These Bylaws may be amended by approval of the vote of two-thirds (2/3) of the Member Representatives present at any annual membership meeting or special membership meeting called for that purpose. Only amendments recommended by the Board of Directors shall be considered for adoption.

A copy and an explanation of all recommended amendments stating the reasons and impact of each proposed amendment shall be sent to all Member Representatives, by certified mail, no later than ten (10) days prior to the meeting date.

Any amendment to these Bylaws shall take effect immediately or at the time specified in the amendment. Such amendments shall be binding upon all Members without further action by MPR Kansas or the Members.

*[END OF BYLAWS; BALANCE OF PAGE LEFT BLANK;
AGREEMENT AND EXECUTION PAGE FOLLOWS]*

AGREEMENT AND EXECUTION

The Member acknowledges that it has read and agrees to be bound by all terms and conditions of these Bylaws as a contract among MPR Kansas and its Members. By the execution of these Bylaws by the Member, the individual so executing acknowledges that these Bylaws have been duly accepted and authorized by all necessary and appropriate action of the governing body of the Member. The Member's participation as a Member of MPR Kansas shall not be effective unless and until either a copy of the minutes documenting a majority vote or Resolution of the governing body of the Member granting authority to execute these Bylaws is delivered to MPR Kansas and is attached hereto.

Accepted:

Member

Signed

Title

Date

MPR Kansas

Signed

Title

Date

[Handwritten Signature]
MPR of KS, Inc. Chair
7-1-16

[AGREEMENT AND EXECUTION PAGE TO BYLAWS]