

**COCHISE COMBINED TRUST
(CCT)**

Bylaws

Effective:
July 01, 2002
Revised:
January 01, 2010

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Section 1. Definitions

1.01 "Beneficiary" shall mean Employees, their dependents and such other persons designated by the Participating Entities as eligible for coverage hereinunder and approved by the Trustees.

1.02 "Benefits Administrator" shall mean the person(s) or firm employed by the Trustees who is responsible for processing of claims and payment of benefits, and related services.

1.03 "Employee" shall mean any person employed by a Participating Entity on a regular basis working not less than the number of hours per week required by the Participating Entities for eligibility, and who are not eligible for benefits under any other Health and Welfare program to which the Participating Entity makes contributions.

1.04 "Employee Benefit Program" shall mean the program of benefits to be established by the Trustees pursuant to the Agreement and Declaration of Trust (hereinafter Trust Agreement).

1.05 "Employee Contributions" shall mean any contributions made by Employees whether comprising part of the Entity Premium or whether made directly to the Fund in order to obtain coverage by the Employee Benefit Program.

1.06 "Employer Contributions" shall mean the contributions made by Participating Entities comprising all or part of the Entity Premium.

1.07 "Entity Premium" shall mean the total premiums paid by each Participating Entity to the Fund for the Employee Benefit Program, and shall be comprised of the sum of Employer Contributions and Employee Contributions.

1.08 "Fund" shall mean the Trust Fund created by this instrument, and shall mean generally, the monies, property, contracts or things of value, tangible or intangible, received and held by the Trustees for the uses and purposes of the Trust, set forth therein, and those things of value which comprise the corpus and additions to the fund.

1.09 The Name of this Trust is and shall be the Cochise Combined Trust.

1.10 "Participating Entities" shall mean those members approved for membership pursuant to Article XIII of the Agreement and Declaration of Trust.

1.11 "Summary Plan Description" (also "SPD") shall mean the document which generally describes health and welfare benefits to be provided by the Trust to the Employees.

1.12 "Plan Document" shall mean the document devised by the Trustees setting forth the health and welfare benefits to be provided by the Trust to the Employees. Upon approval of the Trustees, the Summary Plan Description may simultaneously serve as the Plan Document.

1.13 "Trust Agreement" shall mean the Trust Agreement for the Cochise Combined Trust and any modifications or amendments thereto.

1.14 "Trustees" shall mean the Trustees and their successors as provided for in the Trust Agreement.

Section 2. Investments

Investments of Trust cash assets not required for immediate operating expenses will be limited to investments in the following types of securities:

- A. Government Securities;
- B. State of Arizona Local Government Investment Pool (LGIP);
- C. Other investments allowable under A.R.S. Section 35-323.

Notwithstanding the provisions of this section, each type of investment actually utilized shall be subject to prior approval of the Trustees.

Section 3. Expense Reimbursement

Trustees shall be entitled to receive reimbursement for actual reasonable expenses incurred in carrying out their duties pursuant to the Trust Agreement including, but not limited to:

- A. Reimbursement for the actual amount of meals, lodging and other expenses as evidenced by receipts.
- B. Reimbursement for automobile travel expense at the rate established by the Internal Revenue Service for purpose of travel expense deductions.

Section 4. Meetings

- A. **Open Meeting Laws.** All meetings of the Trust shall comply with the requirements of the Arizona Open Meetings Law, ARS 38-431 et. seq.
- B. **Annual Meeting.** The Trust shall designate one of its regular quarterly meetings as the Trust's Annual Organization Meeting for the purpose of selecting officers and to conduct such other business as may be necessary.
- C. **Special Meeting.** The Chairperson may call a special meeting upon three (3) days notice to the Trustees. A special meeting may be also be called by any two Trustees or one-third of the Trustees, whichever is greater. The Trust shall promptly notify all Participating Entities and shall prepare and distribute a written agenda in compliance with the requirements of the Open Meeting Law.

Section 5. Officers

- A. **Election of Officers and Selection of Recording Secretary.** At the Annual Organization Meeting, there shall be selected from the membership, a Chairperson, a Vice-Chairperson and a Treasurer. These officers shall have the authority to act in those circumstances and on those matters as specified in the Trust Agreement, in these Bylaws, or as otherwise directed by the Trustees. Additionally, the Trustees shall designate a Recording Secretary, who need not be a Trustee.
- B. **Term of Office.** Each officer selected shall serve for a period of one year, and be eligible for re-election for successive terms, or until his/her successor is duly elected and takes office.
- C. **Duties of Officers.** The officers of the Trust shall have the following duties:
1. **Chairperson.** The Chairperson shall preside at all meetings of the Trustees and perform the usual and customary duties of the Chairperson and such other ministerial duties of the Trustees as may be prescribed by the Trustees from time to time. The Chairperson shall, alone or together with such officer or officers as the Board of Trustees, designate by resolution or bylaw, sign any contracts or other instruments which the Board of Trustees has authorized to be executed.
 2. **Vice-Chairperson.** The Vice Chairperson will, in the absence of the Chairperson or in the event of the inability or refusal of the Chairperson to act, perform the duties of the Chairperson.
 3. **Treasurer.** The Treasurer shall have oversight over all Trust funds and books and other financial records of the Trust. The Treasurer shall ensure that all investments of the Trust are in accord with applicable laws and regulations as well as the terms of the Trust Agreement, these Bylaws and other rules, policies and procedures of the Trust. The Treasurer shall make reports of the financial operations of the Trust when so directed by the Trustees.
 4. **Recording Secretary.** The Recording Secretary shall keep minutes of all meetings, proceedings and acts of the Trustees, which records shall be available at the Principal Office for inspection by all the Trustees and interested persons during usual business hours. Such records and minutes need not be verbatim. The Recording Secretary need not be a Trustee.

Section 6. Audits

- A. **Mandatory Financial Audit.** The Trustees shall conduct, or provide for the conduct of, an annual financial audit as provided by statute and the Trust Agreement. In addition to complying with the requirements imposed by statute and the Trust Agreement, the financial auditor shall perform such additional duties as may be directed by the Trustees.
- B. **Recommended Audits.** In addition to the mandatory audit, the Trustees may conduct the following audits at such intervals as they may determine is in the best interest of the Trust:
1. **Claims Audit** The performance of the Claims Administrator may be audited to determine whether claims have been paid in accordance with applicable provisions of the Plan Document or to otherwise evaluate the general or specific performance of the Claims Administrator as deemed appropriate or desirable by the Trustees.
 2. **Operational Audit.** The Trustees may direct that an operational audit of the Trust, its individual service providers or any aspect or operation of the Trust, be subject to audit by an independent party.

Section 7. Entity Contributions

- A. **Contribution Payments.** Participating Entity contribution payments shall be due and payable as of the tenth (10th) day of each month.
- B. **Contribution Rates.** Contribution rates shall be established annually or at other intervals if determined by the Trustees to be in the best interest of the Trust and its beneficiaries. Rates shall be based upon sound actuarial principles consistent with fiscal stability of the Trust and the interest of the Beneficiaries.
- C. **Past Due Contribution Payments.** Entity contributions not paid as of the date specified in Paragraph A of this Section shall accrue interest at a rate equal to the current rate paid by the Arizona Local Government Investment Pool plus 100 basis points. Accrued interest shall be added by the Claims Administrator, or other designated Trust Representative, to the Entity's monthly contribution statement and shall be due and payable as part of the contribution.

Section 8. Membership

- A. **Eligibility.** Membership in the Cochise Combined Trust shall be open to any public agency as defined in ARS § 11-951, that is located in Cochise, Graham, Greenlee, Gila, Maricopa, Pima, Pinal, Santa Cruz and Yuma counties,, subject to approval of the Board of Trustees.

B. **Application for Membership.**

1. Application for membership shall be made on forms provided by the Trust.
2. Completed applications, as defined by the Board of Trustees, shall be received by the Trust no less than sixty (60) days prior to the proposed date that membership would be effective.
3. Application for membership in the Trust shall be based upon criteria approved by the Board of Trustees.
4. The Trust shall act on applications no less than ten (10) days after notification to the applicant that its application is complete. This limit may be extended in order to obtain additional information required by the Trust or other parties involved in the underwriting/selection process.

C. **Acceptance of Membership Invitation.** Upon acceptance, an applicant shall approve membership by resolution of its governing body no more than ten (10) days following notification of acceptance. The resolution shall include:

1. Approval of the Intergovernmental Agreement/Trust Document and designation of a representative to execute the agreement;
2. Acceptance of the proposed schedule of contributions as determined by the Trust;
3. Acceptance of the Trust Bylaws as approved and adopted; and
4. Determination by legal counsel for the entity that the resolution and agreements are in proper form and are within the powers of the entity to approve.

Section 9. Operations

A. **Applicable Laws.** The Trust and its officers, employees and contractors will conform to all applicable state and federal laws, rules and regulations.

B. **Risk Management Plan.** The Trust shall prepare, or cause to be prepared, a Plan of Risk Management for the Trust. The Plan shall include one or combinations of the following:

1. The employee benefits to be offered through the Trust;
2. Limits of coverage, whether through self-insurance, conventional insurance purchased from a commercial carrier or reinsurance;

3. The amount of risk to be retained by the Trust;
 4. Major loss control techniques to be implemented;
 5. The proposed method of assessing contributions to be paid by each participating entity of the Trust;
 6. A summary of the preceding year's operations and major activities planned for the coming year;
 7. Coverage to be purchased from a commercial carrier, if any; and/or
 8. Such additional information as may be identified by the Trustees.
- C. **Financial Statements and Operating Reports.** The Trust shall provide its members with periodic reports concerning the financial condition and operation of the Trust. These shall be provided at least quarterly and may be made more frequently if specified by the Trustees.
- D. **Allocation and Distribution of Surpluses and Deficits**
1. Surpluses and deficits shall be credited to the Participating Entities in the fiscal year in which they accrue.
 2. Surpluses and deficits shall be allocated amongst the Participating Entities on a pro-rata basis. Such annual surplus or deficit allocations shall be approved by two thirds (2/3) vote of the Trustees.
 3. The Trustees may allow for the release of surplus funds to Participating Entities through credits applied to monthly contributions if approved by the Trustees at the time the release of surplus is authorized. The methodology to be followed shall be approved by two thirds (2/3) vote of the Trustees.
 4. Nothing in this section shall occur contrary to Arizona law.

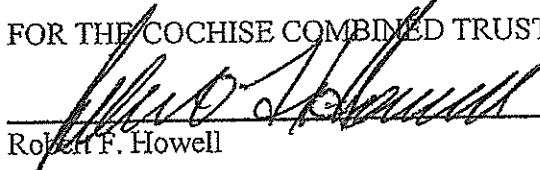
Section 10. Amendments to Bylaws

- A. **Submission.** Proposed amendments to the Bylaws should be filed in writing with the Trust no less than thirty (30) days prior to the scheduled date of consideration except in cases of *bona fide* emergency. A statement explaining the purpose and effect of the amendment shall be included.
- B. **Notice to Trustees.** All proposed amendments and accompanying statements shall be transmitted in writing to each Trustee at least 15 days prior to the scheduled date of consideration.

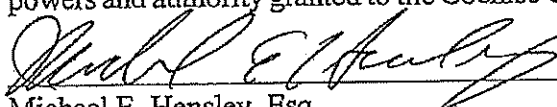
C. Consideration. Except in a *bona fide* emergency, amendments shall be considered at a regular meeting of the Trustees. Amendment of the Bylaws shall require a majority vote of the full membership.

APPROVED this 20 day of July, ~~2009~~ 2010

FOR THE COCHISE COMBINED TRUST


_____, Chairman
Robert F. Howell

These bylaws have been reviewed by counsel and determined to be in proper form and within the powers and authority granted to the Cochise Combined Trust under the laws of the State of Arizona.


_____, Counsel - Cochise Combined Trust
Michael E. Hensley, Esq.
Jones Skelton & Hochuli

Date: 7/16/10