SCANNED
4-24-07 Ma

Resolution 2007-05

RESOLUTION APPROVING EXECUTION OF MARCIT BYLAWS

RESOLVED, that City of Basehor (Member) hereby authorizes the execution by City of Basehor (Member) of the Bylaws of MARCIT which are attached hereto and which were adopted by the Members of MARCIT on November 3, 2006; and

RESOLVED FURTHER, that Mayor Chris Garcia (Name of Authorized Person) be, and hereby is, authorized and directed to execute the MARCIT Bylaws and to thereby bind City of Basehor (Member) to comply with the terms and conditions of the MARCIT Bylaws as a contract among MARCIT and its Members; and

RESOLVED FURTHER, that these Resolutions have been duly approved and adopted by the governing body of City of Basehor (Member) in accordance with all laws and procedures which are applicable to City of Basehor (Member).

Resolved this 16th day of April, 2007.

BY: _____
(Signature)

Chris Garcia
(Typed Name)

Mayor
(Title or Position)

WRITTEN DESIGNATION OF
MEMBER REPRESENTATIVE

In accordance with Section 5.3(b) of the MARCIT Bylaws adopted by the Members of MARCIT on November 3, 2006, City of Basehor (Member), by and through its below designated chief administrative officer, designates that Mary A. Mogle, City Clerk (Name of Member Representative) is appointed to serve as the Member Representative of City of Basehor (Member) in accordance with the terms and provisions of the MARCIT Bylaws. City of Basehor (Member) acknowledges and agrees that MARCIT shall not be required to contact any other individual except the foregoing designated Member Representative for any action or notification which may be required by MARCIT Bylaws or rules, and that all notices to, or agreements with, the Member Representative shall be binding upon City of Basehor (Member).

This Designation of Member Representative shall remain in full force and effect until written notice to the contrary is provided by City of Basehor (Member) to MARCIT.

Designated this 16 day of April, 2007.

By: _____
Signature

Chris Garcia
Typed Name

Mayor
Title or Position

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MARCIT

BYLAWS

Date of Adoption: November 3, 2006

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, RSMo. Chapter 537.620, as amended, authorizes three or more Missouri political subdivisions to form a not for profit business entity to provide liability and all other risk coverages for its members; and

WHEREAS, RSMo. Chapter 537.620 further authorizes qualifying governmental entities in Missouri and any other state to join such entity; and

WHEREAS, K.S.A. 12-2630 authorizes certain Kansas municipalities to pool their sickness and accident related liabilities with MARCIT's members; and

WHEREAS, all of the governmental entities which are party to these Bylaws desire to become members of MARCIT 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:

"**Act**" shall mean RSMo. Chapter 355, Missouri Nonprofit Corporation Act.

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

"**Coverage Document(s)**" shall mean the written documents approved by MARCIT and which are either issued by MARCIT 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 any state of the United States 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 RSMo. Chapter 537.620. 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 MARCIT, 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 MARCIT and to carry out the obligations of a Member Representative under these Bylaws.

"**Policy(ies) or Procedure(s)**" shall mean any rules or guidelines which may be promulgated from time to time by the MARCIT Board of Directors or President which are not Coverage Documents and which shall be necessary to carry out the purposes of MARCIT.

"**Program(s)**" shall mean any coverages which are provided through MARCIT to its Members from time to time including, but not limited to, property and liability, workers' compensation, and employee benefits.

"**Service(s)**" shall mean those services which are provided through MARCIT 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 not for profit business entity that has heretofore been organized and operated as MARCIT shall continue to be named MARCIT.

The Board of Directors shall establish, at a location within the State of Missouri, MARCIT's principal office.

ARTICLE 3
INTENT; NOT BUSINESS OF INSURANCE

Section 3.1 Intent

It is the intent of the Members that MARCIT shall provide comprehensive and cooperative Programs and Services to its Members and that the Members shall pay for the costs and other obligations of MARCIT 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 MARCIT to its Members is not, and shall not be deemed to constitute, the transaction of an insurance business, and MARCIT 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

MARCIT shall be organized and operated as a not-for-profit corporation under Missouri law. No part of MARCIT'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 MARCIT 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 MARCIT.

ARTICLE 4
MARCIT POWERS

Section 4.1 MARCIT Powers

MARCIT 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 MARCIT staff or MARCIT 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 MARCIT 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 assume, cede and sell risk;

(j) to sue and be sued;

(k) to enter into contracts;

(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 attending to official business on behalf of MARCIT;

(m) to determine deductible and retention levels and the amount of risk to be retained by MARCIT 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 MARCIT Programs and Services;

(o) to purchase or provide fidelity bond coverage or other risk coverage for officers, Directors and employees of MARCIT;

(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 MARCIT; and

(t) to perform any such other acts which are allowed by law to be performed under the Act.

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 executed these Bylaws (or have otherwise assured MARCIT of their obligation to comply with these Bylaws) may be accepted for membership.

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 ~~such~~ 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 Act.

Section 5.3 Member Obligations

The obligations of Members shall be as follows:

(a) to continuously maintain participation in no less than one MARCIT Program;

(b) to designate in writing, by the chief administrative officer of the Member, a Member Representative. MARCIT 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 MARCIT 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 MARCIT;

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

(d) with reasonable notice and during normal work hours, to permit MARCIT 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 MARCIT;

(e) to report immediately to MARCIT, 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 MARCIT;

(f) to cooperate fully with MARCIT 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 MARCIT, and to acknowledge that MARCIT has the final authority to select legal defense counsel for any lawsuit brought under the Programs provided by MARCIT to the Member;

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

(h) to report to MARCIT, as required by MARCIT 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 MARCIT as promptly as possible all requested information needed for determining Member loss exposures and Contributions;

(j) to take an active role in the business of MARCIT, including assignment of personnel to serve on various MARCIT 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 MARCIT'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 MARCIT'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 MARCIT. 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 MARCIT satisfies such obligation or responsibility in whole or in part.

Section 5.5 Annual Member Meeting

There shall be one annual membership meeting of MARCIT at 10:00 a.m. on the first Wednesday of October of each year at MARCIT's principal office or at such other time and place as may 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 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 MARCIT may be discussed at the annual membership meeting.

At the annual meeting, the President and chief financial officer of MARCIT shall report to the Members on the activities and financial condition of MARCIT.

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 Representative. 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 eleven (11) 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 or his or her designee.

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 MARCIT as of the end of MARCIT's fiscal year provided that such Member has given MARCIT at least ninety (90) days' prior written notice of its intention to withdraw and provided further that such Member ceases participation in all MARCIT Programs and Services as of the date of withdrawal. A withdrawing Member shall forfeit all rights to any refunds, dividends, or claims upon MARCIT's assets upon dissolution of MARCIT which may be declared or determined subsequent to the date of the Member's withdrawal.

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 MARCIT. 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 MARCIT Policies and Procedures pertaining to any obligation, claim or lawsuit covered by MARCIT.

Any Member who withdraws from MARCIT without complying with the foregoing obligations shall be obligated to pay to MARCIT liquidated damages equal to 25% of the Member's annual Contributions paid by such Member in its final full year of participation in MARCIT. Member agrees to pay such liquidated damages within twenty (20) calendar days following receipt of the computation of the amount due. MARCIT and Member agree that the failure of Member to withdraw from MARCIT in accordance with the foregoing procedures shall cause damage to MARCIT 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 MARCIT.

Section 5.9 Termination

(a) **Termination**

A Member may be terminated from membership in MARCIT 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 MARCIT or contract for the receipt of any Services from MARCIT;

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

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

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

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

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

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

(8) breach of any of Member's obligations under these Bylaws, MARCIT Coverage Documents, or MARCIT 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.

(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 MARCIT. A Member also shall be terminated immediately and without further notice upon notification that such Member has adverse loss experience as determined by the Board of Directors. In all other cases, a Member may be terminated only after written notice sent by certified or first class mail from the President of MARCIT 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 MARCIT. The President of MARCIT 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 MARCIT 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 355.231 to 355.306 of the Act

The provisions of Sections 355.231 to 355.306 of the Act shall apply to MARCIT except to the extent the provisions of such Sections are inconsistent with the Articles of Incorporation of MARCIT or these Bylaws, provided, however, that no Section allowing proxy voting shall apply to MARCIT.

ARTICLE 6
BOARD OF DIRECTORS

Section 6.1 Powers; Election; ~~Qualifications;~~ Vacancies

The Board of Directors shall consist of eleven (11) 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 four largest Missouri members as measured by total contributions paid in MARCIT's most recent fiscal year;

(b) the number and qualifications of Directors from Kansas shall conform to the requirements of the Kansas Municipal Group Funded Pool Act, as amended;

~~(c) all Directors shall meet the requirements of the Act;~~

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

(d) ~~(e)~~ 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;

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

(f) ~~(g)~~ 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;

(g) ~~(h)~~ the number of Directors may be increased or decreased by majority vote of the Members present at any duly constituted Member meeting; and

(h) ~~(i)~~ 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 MARCIT is terminated as provided in these Bylaws shall immediately forfeit the Director's position. All directors shall meet the requirements of the Act.

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 MARCIT.

Section 6.4 Board Officers

The first agenda item, following roll call, at the annual Board of Directors meeting shall be the election of MARCIT officers. The Board of Directors shall elect, by majority vote from its membership, a Chair, Vice-Chair, Secretary and a Treasurer. These officers shall immediately assume their offices and shall serve until the next annual Board of Directors

meeting or until their successors are duly elected and qualified. The President shall serve temporarily as presiding officer during the election of officers.

The Chair shall preside at all Board of Directors ~~and membership~~ 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 Chair shall be the spokesperson for MARCIT~~. 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 MARCIT official records.

The Treasurer shall prepare or cause to be prepared an accurate accounting of all MARCIT 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.

Section 6.5 Board Powers

Except as otherwise required by law, MARCIT's Articles of Incorporation, or these Bylaws, all corporate powers of MARCIT shall be exercised by or under the authority of, and the affairs of MARCIT 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. 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 MARCIT from such Member.

The Board of Directors shall select a qualified public accounting firm to audit, on an annual basis, MARCIT'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 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. No term shall exceed 3 years nor shall any individual serve more than six (6) consecutive years on the same committee. The Chair shall, with the approval of the Board of Directors, appoint all committee members and committee chairs. In the case of committee vacancies, the appointment shall be for the remainder of the unexpired term. 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 MARCIT Policies and Procedures

The Board of Directors shall adopt Policies and Procedures, not in conflict with these Bylaws, that are necessary or expedient or desirable for the operation and functioning of MARCIT. 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 MARCIT 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. The President 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 MARCIT'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

Section 7.1 President; Appointment; Authority

There is hereby continued the position of President who shall be appointed and may be removed by a majority of the total membership of the Board of Directors. The President shall be an officer of MARCIT. The President's employment and compensation as chief executive officer shall be set forth in a written employment agreement approved by the Board of Directors.

The President shall be MARCIT'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 MARCIT. All agents, employees and independent contractors shall report to the Board of Directors through the President and shall be supervised by the President.

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

The President 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 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 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.

ARTICLE 8
COVERAGE DOCUMENTS; UNDERWRITING CONTRIBUTIONS

Section 8.1 Coverage Documents

MARCIT Programs shall be described in separate Coverage Documents. MARCIT may add, delete, or modify the Coverage Documents for such Programs as the Board of Directors may determine. All MARCIT Programs shall be considered excess only and not primary or contributory when the Member has a valid and collectable insurance policy or other similar protection against a loss covered by MARCIT.

Section 8.2 Modification of Coverage Documents and Conflicts

Coverage Documents may be modified by the President to meet specific Member or MARCIT 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 MARCIT 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 shall decide all questions of coverage in specific cases. A Member may appeal the President'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'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 MARCIT 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 a resolution adopted by its governing body expressing the governing body's intention to secure the Program or Service from MARCIT.

Any Member may withdraw from, and cease participation in, any MARCIT 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, 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 MARCIT rules pertaining to any obligation, claim or lawsuit covered by MARCIT.

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. MARCIT and the Member agree that it is not possible to calculate the damage to MARCIT 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 MARCIT and the Member.

Section 8.5 Contributions

MARCIT 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 MARCIT Program shall not be used or devoted to any purpose other than to pay losses and expenses related to the specific Program 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 MARCIT 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
MARCIT ASSETS

Section 9.1 MARCIT Assets

All Contributions, monies, and other assets, including interest or other investment earnings thereon paid by Members to MARCIT, and any other assets obtained in any other manner by MARCIT, shall be the sole property of MARCIT. No Member shall have any right or claim to such MARCIT assets including, but not limited to, any excess or surplus funds held by MARCIT, except such that are authorized specifically by MARCIT's Articles of Incorporation, these Bylaws, or by resolution of the Board of Directors. All assets of MARCIT, including but not limited to, any excess or surplus funds held by MARCIT, may be used for MARCIT 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 prior approval from the Missouri Division of Workers' Compensation in the event of a refund from the Workers' Compensation Program to its Members, 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 ~~according to the following distribution formula:~~ in such manner as the Board shall determine. Except where applicable law contains a more expansive requirement of Member eligibility for such distribution, distributions shall be limited to Members who were active participants in good standing in such Program throughout the period for which a distribution was declared and which remain an active participant in such Program at the time a distribution is paid.

Section 9.3 Special Assessments

If, at any time, in the opinion of the Board of Directors, MARCIT's assets are insufficient to meet anticipated obligations for any Program or Service offered by MARCIT, the Board of Directors shall develop a financial plan to restore MARCIT'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 MARCIT 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.

As required by law, workers' compensation Program insufficiencies shall be the joint and several obligation of each Member which participated in the workers' compensation Program during the period of the insufficiency.

A Member shall be and remain liable for any special assessment whether or not the Member was a MARCIT 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 MARCIT shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties on behalf of MARCIT. 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

MARCIT 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

MARCIT 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 MARCIT. 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. MARCIT may also purchase liability insurance providing similar coverage for Directors, officers and employees.

ARTICLE 11
DISSOLUTION AND DISTRIBUTION

Section 11.1 Dissolution

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

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

Section 11.2 Distribution of Remaining Assets

Upon the dissolution of MARCIT, all net assets of MARCIT, after the payment of or provision for all liabilities, shall be distributed pro rata to the Members who are in good standing in the respective Programs as of the last day of the fiscal year as to which the decision to dissolve was made. Such net assets shall be distributed, separately by Program, to each Member by calculating the relative percentage of the total Program contributions for each Program which were paid by each Member during MARCIT's fiscal year as to which the decision to dissolve was made and multiplying such percentage by the net assets to be distributed for such Program.

Distribution of the remaining Workers' Compensation Program assets shall be further determined, as provided by law, by the Missouri Division of Workers' Compensation.

ARTICLE 12
MISCELLANEOUS

Section 12.1 Intergovernmental Contract

These Bylaws shall constitute an intergovernmental contract among the Members and MARCIT. 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 Missouri, including specifically the Act; provided, however, with respect to a Kansas Member, if the laws of the State of Kansas are more stringent than the laws of the State of Missouri regarding the matter in issue, then, with respect only to such issue, the laws of the State of Kansas shall take precedence and apply.

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 MARCIT'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 MARCIT by a Member shall be brought only in the county in which MARCIT'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 ~~provided~~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 MARCIT or the Members.

Section 12.7 Repeal of Prior Bylaws

Upon adoption, these Bylaws shall repeal and replace all previous amendments or editions of MARCIT Bylaws including, but not limited to, the "Ninth Amended and Restated By-laws of MARCIT" effective July 1, 2002.

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 MARCIT 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 MARCIT shall not be effective unless and until a copy of the ordinance or other action of the governing body of the Member which authorizes the execution of these Bylaws is delivered to MARCIT and is attached hereto.

Accepted:

City of Baseline	**MARCIT**
Member	
Chris Mann	
Signed	Signed:
Mayor	
Title	Title
4/17/07	
Date	Date

Document comparison done by DeltaView on Tuesday, October 03, 2006 11:07:11 AM

Input:	
Document 1	c:\NetDocs\MARCIT BYLAWS IRMEN 2006(1).doc
Document 2	c:\NetDocs\MARCIT BYLAWS IRMEN 2006.doc
Rendering set	Kutak Option 1

Legend:	
Insertion	
~~Deletion~~	
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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	44
Deletions	45
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	89

SCANNED

5-13-08

ORIGINAL

EXHIBIT C
RESOLUTION 2007-05

WHEREAS, the City of Basehor, Kansas has been informed by Sunset Ridge, LLC that a housing tax credit application will be filed with the Kansas Housing Resources Corporation for the development of senior affordable rental housing to be located on 155th Street, approximately 560 feet north of US Highway 24/40 with the following legal description:

All that part of the southwest quarter of section 2, township 11 south, range 22 east of the 6th P.M., City of Basehor, Leavenworth County, Kansas and part of Lot 1, Daniels Property replat, a subdivision of land in the City of Basehor, and being recorded in Book 14 at page 86, Leavenworth County, Kansas and being more particularly described as follows:

Commencing at an iron bar found at the southwest corner of said section 2; thence north 01D47'26" west along the west line of said section 2, a distance of 554.10 feet to south line extended, of a tract of land depicted on a survey recorded in survey book 12, page 4, dated 1980; thence north 88D30'01" east, along said south line extended, a distance of 1,353.41 feet to the point of beginning; thence north 01D46'06" west, parallel to the centerline of 155th street, as now exists, a distance of 521.24 feet; thence north 88D13'54" east, a distance of 208.00 feet; thence south 01D46'06" east, a distance of 242.94 feet; thence north 88D04'23" east, a distance of 166.00 feet to the northwest corner of tract recorded in book 797 at page 375 in the office of the Register of Deeds, said county; thence south 01D46'06" east, along said west line and the west line of tract recorded in book 988 at page 2265, in said office of the Register of Deeds, a distance of 235.21 feet; thence south 83D43'44" east, a distance of 25.09 feet to a point of curvature; thence southerly and easterly, along a curve to the left, said curve having a radius of 470.00 feet and arc length of 57.61 feet to a point of tangency, said point being on the south line of said tract recorded in book 988 at page 2265; thence north 89D14'51" east, along said south line, a distance of 167.77 feet to the southeast corner of said tract and westerly line of 155th street, as now exists, said point being 3,936.88 feet south and 30.00 feet west of the intersection of 155th street and parallel, said intersection also being the southeast corner of section 34, township 10 south, range 22 east, of said county;

thence south 01D46'06" east, along the westerly line of said 155th street, a distance of 60.01 feet, thence south 89D14'51" west, departing said westerly line, a distance of 168.84 feet to a point on the east line of said Lot 1, Daniels Property replat; said point being a point of curvature; thence westerly and northerly along a curve to the right, said curve having a radius of 530.00 feet, and arc length of 64.97 feet to a point of tangency; thence north 83D43'44" west, a distance of 100.00 feet to a point of curvature; thence northerly and westerly, along a curve to the left, said curve having a radius of 470.00 feet and arc length of 63.33 feet to a point of tangency, said point being on the north line of said Daniels Property replat; thence south 88D33'01" west, along said northerly line, a distance of 228.33 feet to the point of beginning and containing 170,774 square feet or 3.92 acres, more or less.

WHEREAS, this housing development will contain 48 units;

WHEREAS, the units will be restricted to persons 55 years and older;

WHEREAS, the development will be new construction;

WHEREAS, the property will have, at minimum the following amenities:

Laundry facilities, outdoor benches, extensive landscaping, gardens, cable television, community room.

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the City of Basehor, Kansas, that we support the development of the aforesaid housing in our community, subject to city ordinances and the building permit process. This resolution is effective until December 31st, 2007. In the event that any of the characteristics mentioned above should change prior to the issuance of a building permit, this resolution is null and void.

APPROVED, this 21st day of May, 2007.

_____, Mayor

ATTEST:

_____, City Clerk

SEAL

SEAL OF THE CITY OF BASEHOR, KANSAS
CORPORATE
SEAL

MARCIT

Bylaws

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MARCIT

BYLAWS

Date of Adoption: November 3, 2006

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, RSMo. Chapter 537.620, as amended, authorizes three or more Missouri political subdivisions to form a not for profit business entity to provide liability and all other risk coverages for its members; and

WHEREAS, RSMo. Chapter 537.620 further authorizes qualifying governmental entities in Missouri and any other state to join such entity; and

WHEREAS, K.S.A. 12-2630 authorizes certain Kansas municipalities to pool their sickness and accident related liabilities with MARCIT's members; and

WHEREAS, all of the governmental entities which are party to these Bylaws desire to become members of MARCIT 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:

"**Act**" shall mean RSMo. Chapter 355, Missouri Nonprofit Corporation Act.

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

"**Coverage Document(s)**" shall mean the written documents approved by MARCIT and which are either issued by MARCIT 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 any state of the United States 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 RSMo. Chapter 537.620. 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 MARCIT, 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 MARCIT and to carry out the obligations of a Member Representative under these Bylaws.

"**Policy(ies) or Procedure(s)**" shall mean any rules or guidelines which may be promulgated from time to time by the MARCIT Board of Directors or President which are not Coverage Documents and which shall be necessary to carry out the purposes of MARCIT.

"**Program(s)**" shall mean any coverages which are provided through MARCIT to its Members from time to time including, but not limited to, property and liability, workers' compensation, 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 MARCIT 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 not for profit business entity that has heretofore been organized and operated as MARCIT shall continue to be named MARCIT.

The Board of Directors shall establish, at a location within the State of Missouri, MARCIT's principal office.

ARTICLE 3
INTENT; NOT BUSINESS OF INSURANCE

Section 3.1 Intent

It is the intent of the Members that MARCIT shall provide comprehensive and cooperative Programs and Services to its Members and that the Members shall pay for the costs and other obligations of MARCIT 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 MARCIT to its Members is not, and shall not be deemed to constitute, the transaction of an insurance business, and MARCIT 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

MARCIT shall be organized and operated as a not-for-profit corporation under Missouri law. No part of MARCIT'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 MARCIT 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 MARCIT.

ARTICLE 4
MARCIT POWERS

Section 4.1 MARCIT Powers

MARCIT 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 MARCIT staff or MARCIT 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 MARCIT 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 assume, cede and sell risk;

(j) to sue and be sued;

(k) to enter into contracts;

(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 attending to official business on behalf of MARCIT;

(m) to determine deductible and retention levels and the amount of risk to be retained by MARCIT 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 MARCIT Programs and Services;

(o) to purchase or provide fidelity bond coverage or other risk coverage for officers, Directors and employees of MARCIT;

(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 MARCIT; and

(t) to perform any such other acts which are allowed by law to be performed under the Act.

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 executed these Bylaws (or have otherwise assured MARCIT of their obligation to comply with these Bylaws) may be accepted for membership.

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 Act.

Section 5.3 Member Obligations

The obligations of Members shall be as follows:

(a) to continuously maintain participation in no less than one MARCIT Program or to receive at least one MARCIT Service;

(b) to designate in writing, by the chief administrative officer of the Member, a Member Representative. MARCIT 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 MARCIT 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 MARCIT;

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

(d) with reasonable notice and during normal work hours, to permit MARCIT 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 MARCIT;

(e) to report immediately to MARCIT, 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 MARCIT;

(f) to cooperate fully with MARCIT 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 MARCIT, and to acknowledge that MARCIT has the final

authority to select legal defense counsel for any lawsuit brought under the Programs provided by MARCIT to the Member;

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

(h) to report to MARCIT, as required by MARCIT 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 MARCIT as promptly as possible all requested information needed for determining Member loss exposures and Contributions;

(j) to take an active role in the business of MARCIT, including assignment of personnel to serve on various MARCIT 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 MARCIT'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 MARCIT'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 MARCIT. 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 MARCIT satisfies such obligation or responsibility in whole or in part.

Section 5.5 Annual Member Meeting

There shall be one annual membership meeting of MARCIT at 10:00 a.m. on the first Wednesday of October of each year at MARCIT's principal office or at such other time and place as may 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 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 MARCIT may be discussed at the annual membership meeting.

At the annual meeting, the President and chief financial officer of MARCIT shall report to the Members on the activities and financial condition of MARCIT.

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 Representative. 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 eleven (11) 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 or his or her designee.

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 MARCIT as of the end of MARCIT's fiscal year provided that such Member has given MARCIT at least ninety (90) days' prior written notice of its intention to withdraw and provided further that such Member ceases participation in all MARCIT Programs and Services as of the date of withdrawal. A withdrawing Member shall forfeit all rights to any refunds, dividends, or claims upon MARCIT's assets upon dissolution of MARCIT which may be declared or determined subsequent to the date of the Member's withdrawal.

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 MARCIT. 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 MARCIT Policies and Procedures pertaining to any obligation, claim or lawsuit covered by MARCIT.

Any Member who withdraws from MARCIT without complying with the foregoing obligations shall be obligated to pay to MARCIT liquidated damages equal to 25% of the Member's annual Contributions paid by such Member in its final full year of participation in MARCIT. Member agrees to pay such liquidated damages within twenty (20) calendar days following receipt of the computation of the amount due. MARCIT and Member agree that the failure of Member to withdraw from MARCIT in accordance with the foregoing procedures shall cause damage to MARCIT 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 MARCIT.

Section 5.9 Termination

(a) **Termination**

A Member may be terminated from membership in MARCIT 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 MARCIT or contract for the receipt of any Services from MARCIT;

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

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

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

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

(6) failure to file required reports with MARCIT or the filing of a false claim or report or any conduct which impairs the ability of MARCIT 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, MARCIT Coverage Documents, or MARCIT 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.

(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 MARCIT. A Member also shall be terminated immediately and without further notice upon notification that such Member has adverse loss experience as determined by the Board of Directors. In all other cases, a Member may be terminated only after written notice sent by certified or first class mail from the President of MARCIT 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 MARCIT. The President of MARCIT 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 MARCIT 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 355.231 to 355.306 of the Act

The provisions of Sections 355.231 to 355.306 of the Act shall apply to MARCIT except to the extent the provisions of such Sections are inconsistent with the Articles of Incorporation of MARCIT or these Bylaws, provided, however, that no Section allowing proxy voting shall apply to MARCIT.

ARTICLE 6
BOARD OF DIRECTORS

Section 6.1 Powers; Election; Vacancies

The Board of Directors shall consist of eleven (11) 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 four largest Missouri members as measured by total contributions paid in MARCIT's most recent fiscal year;

(b) the number and qualifications of Directors from Kansas shall conform to the requirements of the Kansas Municipal Group Funded Pool Act, as amended;

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

(d) 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;

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

(f) 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;

(g) the number of Directors may be increased or decreased by majority vote of the Members present at any duly constituted Member meeting; and

(h) 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 MARCIT is terminated as provided in these Bylaws shall immediately forfeit the Director's position. All directors shall meet the requirements of the Act.

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 MARCIT.

Section 6.4 Board Officers

The first agenda item, following roll call, at the annual Board of Directors meeting shall be the election of MARCIT officers. The Board of Directors shall elect, by majority vote from its membership, a Chair, Vice-Chair, Secretary and a Treasurer. These officers shall immediately assume their offices and shall serve until the next annual Board of Directors meeting or until their successors are duly elected and qualified. The President shall serve temporarily as presiding officer during the election of 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 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 MARCIT official records.

The Treasurer shall prepare or cause to be prepared an accurate accounting of all MARCIT 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.

Section 6.5 Board Powers

Except as otherwise required by law, MARCIT's Articles of Incorporation, or these Bylaws, all corporate powers of MARCIT shall be exercised by or under the authority of, and the affairs of MARCIT 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. 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 MARCIT from such Member.

The Board of Directors shall select a qualified public accounting firm to audit, on an annual basis, MARCIT'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 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. No term shall exceed 3 years nor shall any individual serve more than six (6) consecutive years on the same committee. The Chair shall, with the approval of the Board of Directors, appoint all committee members and committee chairs. In the case of committee vacancies, the appointment shall be for the remainder of the unexpired term. 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 MARCIT Policies and Procedures

The Board of Directors shall adopt Policies and Procedures, not in conflict with these Bylaws, that are necessary or expedient or desirable for the operation and functioning of MARCIT. 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 MARCIT 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. The President 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 MARCIT'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

Section 7.1 President; Appointment; Authority

There is hereby continued the position of President who shall be appointed and may be removed by a majority of the total membership of the Board of Directors. The President shall be an officer of MARCIT. The President's employment and compensation as chief executive officer shall be set forth in a written employment agreement approved by the Board of Directors.

The President shall be MARCIT'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 MARCIT. All agents, employees and independent contractors shall report to the Board of Directors through the President and shall be supervised by the President.

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

The President 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 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 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.

ARTICLE 8
COVERAGE DOCUMENTS; UNDERWRITING CONTRIBUTIONS

Section 8.1 Coverage Documents

MARCIT Programs shall be described in separate Coverage Documents. MARCIT may add, delete, or modify the Coverage Documents for such Programs as the Board of Directors may determine. All MARCIT Programs shall be considered excess only and not primary or contributory when the Member has a valid and collectable insurance policy or other similar protection against a loss covered by MARCIT.

Section 8.2 Modification of Coverage Documents and Conflicts

Coverage Documents may be modified by the President to meet specific Member or MARCIT 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 MARCIT 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 shall decide all questions of coverage in specific cases. A Member may appeal the President'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'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 MARCIT 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 a Resolution adopted by its governing body expressing the governing body's intention to secure the Program or Service from MARCIT.

Any Member may withdraw from, and cease participation in, any MARCIT 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, 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 MARCIT rules pertaining to any obligation, claim or lawsuit covered by MARCIT.

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. MARCIT and the Member agree that it is not possible to calculate the damage to MARCIT 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 MARCIT and the Member.

Section 8.5 Contributions

MARCIT 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 MARCIT Program shall not be used or devoted to any purpose other than to pay losses and expenses related to the specific Program 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 MARCIT 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
MARCIT ASSETS

Section 9.1 MARCIT Assets

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

not limited to, any excess or surplus funds held by MARCIT, may be used for MARCIT 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 prior approval from the Missouri Division of Workers' Compensation in the event of a refund from the Workers' Compensation Program to its Members, 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 in such manner as the Board shall determine. Except where applicable law contains a more expansive requirement of Member eligibility for such distribution, distributions shall be limited to Members who were active participants in good standing in such Program throughout the period for which a distribution was declared and which remain an active participant in such Program at the time a distribution is paid.

Section 9.3 Special Assessments

If, at any time, in the opinion of the Board of Directors, MARCIT's assets are insufficient to meet anticipated obligations for any Program or Service offered by MARCIT, the Board of Directors shall develop a financial plan to restore MARCIT'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 MARCIT 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.

As required by law, workers' compensation Program insufficiencies shall be the joint and several obligation of each Member which participated in the workers' compensation Program during the period of the insufficiency.

A Member shall be and remain liable for any special assessment whether or not the Member was a MARCIT 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 MARCIT shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties on behalf of MARCIT. 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

MARCIT 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

MARCIT 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 MARCIT. 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. MARCIT may also purchase liability insurance providing similar coverage for Directors, officers and employees.

ARTICLE 11
DISSOLUTION AND DISTRIBUTION

Section 11.1 Dissolution

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

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

Section 11.2 Residue from Taxable Revenue Bonds, Series 1994

The residue remaining, if any, following the satisfaction of all debts and liabilities from the Taxable Revenue Bonds, Series 1994 shall be distributed, according to the following formula, only to the Members, in good standing, who were participants in the employee benefits Program on June 15, 1994 and remained participants in that Program without interruption until the date of the decision to dissolve.

Any member who fails to maintain uninterrupted participation in the employee benefits Program is not entitled to participate in the distribution of the residue. The residue, if any, shall be that sum including principal and investment earnings, as of the date of distribution, according to MARCIT's accounting records, that is directly attributable to the Series 1994 bonds. The distribution of any residue shall be according to the following process:

First, the amount of the residue, if any, shall be determined by an analysis of MARCIT's accounting records and the eligibility of Member entities shall be determined based on MARCIT's membership records.

Second, the total premium contribution paid by each Member from July 1, 1994 until the date of dissolution, including employer and employee premiums, for employee benefits coverage

shall be determined based on MARCIT accounting records. Total premium contributions paid by all Members shall be the sum of the premium contributions paid by each Member.

Third, the percentage of the total premium contribution paid by each Member shall be calculated.

Fourth, the residue shall be allocated to each Member by multiplying the percentage calculated in step three by the residue.

Section 11.3 Distribution of Other Remaining Assets

Any other remaining assets, not including the residue from the Taxable Revenue Bond Series 1994 or Workers' Compensation Program assets, shall be distributed pro rata to the Members, in good standing, of the respective programs as of the last day of MARCIT's last full fiscal year prior to the decision to dissolve. The other assets shall be distributed, separately by Program, to each Member by calculating the relative percentage of the total Program premium contributions for each Program paid by each Member during MARCIT's last full fiscal year prior to dissolution and multiplying the other remaining assets by that percentage.

Members who were participants in the Taxable Revenue Bond Series 1994 and were in good standing as of the last day of the last full fiscal year prior to the decision to dissolve shall be entitled to share in the distribution of the other remaining assets.

Distribution of the remaining Workers' Compensation Program assets shall be determined, as provided by law, by the Missouri Division of Workers' Compensation.

ARTICLE 12
MISCELLANEOUS

Section 12.1 Intergovernmental Contract

These Bylaws shall constitute an intergovernmental contract among the Members and MARCIT. 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 Missouri, including specifically the Act; provided, however, with respect to a Kansas Member, if the laws of the State of Kansas are more stringent than the laws of the State of Missouri regarding the matter in issue, then, with respect only to such issue, the laws of the State of Kansas shall take precedence and apply.

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 MARCIT'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 MARCIT by a Member shall be brought only in the county in which MARCIT'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 MARCIT or the Members.

Section 12.7 Repeal of Prior Bylaws

Upon adoption, these Bylaws shall repeal and replace all previous amendments or editions of MARCIT Bylaws including, but not limited to, the "Ninth Amended and Restated By-laws of MARCIT" effective July 1, 2002.

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 MARCIT 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 MARCIT shall not be effective unless and until a copy of the Resolution of the governing body of the Member which authorizes the execution of these Bylaws is delivered to MARCIT and is attached hereto.

Accepted:

Member	MARCIT
Chris Lamb	Kurt W. Norwood
Signed	Signed:
Mayor	PRESIDENT & C.E.O.
Title	Title
4/17/07	12/18/06
Date	Date