

**JOINT POWERS AGREEMENT:
CREATING THE FIRE AGENCIES SELF INSURANCE SYSTEM (FASIS)**

THIS AMENDED **AGREEMENT** is made and entered into in the State of California, by and among various fire protection districts and community service districts organized and existing under the laws of the State of California, hereinafter referred to as "**member districts**" or "**members**" are parties signatory to this **Agreement** and listed in Appendix A, which is attached hereto and made a part hereof, and which may be amended from time to time. Said **member districts** are sometimes referred to herein as "parties."

The parties to all prior versions of this **Agreement**, including the original thereof, intend for this **Agreement** to supersede the original and all previous amendments. These parties intend hereafter for this **Agreement** to define their respective rights and obligations, and to do so from the date upon which the original first was executed.

Pursuant to **Government Code** Section 6500 et seq., there is hereby established a public entity, separate and apart from the parties to this **Agreement**, known as the - Fire Agencies Self Insurance System, hereinafter designated as the "**System**."

RECITALS

WHEREAS, California **Government Code** Section 6500 et seq. provides that two or more public agencies may, by agreement, jointly exercise any power common to the contracting parties;

WHEREAS, **Government Code** Section 990.4 provides that a local public entity may purchase **insurance** or may self-insure;

WHEREAS, California **Government Code** Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide **insurance** for any purpose by any one or more of the methods specified in **Government Code** Section 990.4;

WHEREAS, it is to the mutual benefit of and in the public interest for the parties hereto to join together to establish this joint powers agreement to accomplish the purposes hereinafter set forth;

WHEREAS, the **member districts** have determined that there is a need to provide for **insurance** and self-insurance as a group rather than on an individual basis; and

WHEREAS, it appears economically feasible and practical for the parties to this **Agreement** to do so.

NOW, THEREFORE, for and in consideration of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

- A. The following definitions shall apply to the provisions of the **Agreement**:
1. "**Agreement**" shall mean the Fire Agencies Self Insurance System Joint Powers Agreement.
 2. "**Board of Directors**" or "**Board**" shall mean the governing body of the **System**.
 3. "**Claim**" shall mean demands made against the **System** arising out of occurrences which are claimed to be within the **System's Joint Protection Program** as developed by the **Board of Directors**.
 4. "**Claims administrator**" shall mean the person or firm employed by the **System** to adjust **claims** against **members**.
 5. "Excess Insurance" shall mean that **insurance** or reinsurance purchased or other financing arrangements made on behalf of the **System** to cover that portion of any loss which exceeds the joint funding capacity of the program as determined by the Board from time to time.. Said **insurance** is to protect the funds of the **System** against catastrophes or against an unusual frequency of losses during a single year.
 6. "**Fiscal Year**" shall mean the period of July 1 to June 30 of each year.
 7. "**Government Code**" shall mean the California Government Code.
 8. "**Insurance**" for convenience only shall include both self-insurance through a funded program as well as any commercial insurance contract. Nevertheless, it is not the intention of this **Agreement** to alter or abrogate section 990.8, subdivision (c) of the California **Government Code**, which provides that the pooling of self-insurance claims shall not be considered insurance.
 9. "**Joint Protection Program**" shall mean the program of establishing the coverage provided for by this **Agreement**, of determining the amount of initial assessments, of adopting a precise cost allocation plan and formula, of preparing pro forma financial statements of the **System**, and of determining the amount and type of any **excess insurance** to be procured. Included within the term "**Joint Protection Program**," is the identification of exposures to accidental loss or illness, the reduction or limitation of losses to **member district** properties and from injuries to persons or property (real or personal) caused by the operations of **Member District**, and the prudent funding of these risks. Where **claims** arise, the **System** will process or cause to be processed such **claims**, investigate their validity, and settle or defend against such **claims** within the financial limits established by the **Board**. The **System** will tabulate such **claims**, costs and losses and carry out

other assigned duties. Also included within the “**Joint Protection Program**” is any other function necessary to the operation of the program.

10. “**Member District**” or “**Member**”, also known as “participants”, shall mean any fire protection district or community services district organized and existing under the laws of the State of California which has been approved for participating in the **System** by the **Board** in accordance with applicable provisions of the **Agreement** and Bylaws and has signed the **Agreement**.
11. “**Memorandum of Coverage**” shall mean the document provided by the **System** to the **Member** which defines the coverage, exclusions, terms, and conditions of each covered program.
12. “**Risk management**” shall mean the decision relating to the management of **claims**, prevention of **claims**, general financial planning, and other prudent management functions.
13. “**System**” shall mean the - Fire Agencies Self-Insurance System created by this **Agreement**.
14. “**Workers’ Compensation**” shall mean coverage for benefits payable to employees by employers as required by state law in the case of injury, illness, disability or death as the result of occupational hazards.

ARTICLE 2 **PURPOSES**

The purpose for this **Agreement** is to pool and risk share the self-insurance claims of two or more local public entities, as described in section 6512.2 of the California **Government Code**.

This purpose shall be accomplished through the exercise of the powers of the **Member Districts** jointly in the creation of a separate public entity, the **System**, to administer a **Joint Protection Program** where the **Member Districts** will pool and risk share their losses and other exposures from **claims**, jointly purchase **excess insurance** and administrative and other services including claims adjusting, data processing, **risk management** consulting, loss prevention, legal and related services. The goals the **Member Districts** seek to attain by entering into this **Agreement** are to provide comprehensive and economical funding of losses, **excess insurance** and self-insurance coverage, to reduce the severity and frequency of the **Member Districts’** losses, and to decrease the cost incurred by the **Member Districts** in the handling and litigation of **claims**.

The **Joint Protection Program** may include, at the option of the parties hereto, one or more of the following programs: **workers’ compensation**, various public liability and/or property-related risks, employee benefits, or other types of **exposures** or risks, all as permitted pursuant to **Government Code** Section 990.

It is also the purpose of this **Agreement** to provide, to the extent permitted by law, for the inclusion at a subsequent date of additional special districts to this **Agreement** and **members** of the **System**, subject to approval by the **Board of Directors**.

ARTICLE 3 **CREATION OF SYSTEM**

Pursuant to **Government Code** Section 6508.1, the debts, liabilities, and obligations of the **System** shall not constitute debts, liabilities or obligations of any party or parties to this **Agreement**.

It is the express understanding of all parties that the **System** created originally on or about July 1, 1984, is the same **System** continued under this **Agreement**, even though some powers and procedures may be changed by this **Agreement**.

The **System**, its **Board** and Executive Committee, officers, membership, and staff shall be governed by this **Agreement**, the Bylaws, and other documents duly adopted by the **Board**.

ARTICLE 4 **PARTIES TO AGREEMENT**

All parties to this **Agreement** are fire protection districts or community services districts organized and existing pursuant to the laws of the State of California.

Each party to this **Agreement** certifies that it intends to and does contract with all other parties who are signatories of this **Agreement** and, in addition, such other parties as may later be added to and signatories of this **Agreement**. Each party also certifies that the deletion of any party from this **Agreement**, pursuant to Articles 23, 24, and 25 shall not affect this **Agreement** nor such party's intent to contract with the other parties to the **Agreement** then remaining.

ARTICLE 5 **MEMBERSHIP**

A. ELIGIBILITY.

To be a **Member** of this **System**, an entity must be a fire protection district or community services district organized and existing under the laws of the State of California and must be approved for participation in the **System** in the manner provided by the Bylaws.

B. NEW MEMBERS.

Special districts organized as a fire protection district or community services district may become a party to this **Agreement** pursuant to the Bylaws of the **System**.

ARTICLE 6
TERM OF AGREEMENT

This **Agreement**, as amended, shall become effective when approved by (2/3rds) of the **Member Districts**. When effective, this **Agreement**, as amended from time to time, shall continue thereafter until terminated as provided herein.

ARTICLE 7
POWERS OF SYSTEM

The **System** shall have the powers common to the **Member Districts** and all additional powers set forth in Sections 6500 et seq. of the **Government Code**. It is hereby authorized to do all acts necessary for the exercise of said powers, including, but not limited to, any or all of the following:

1. To make and enter into contracts;
2. To incur debts, liabilities or obligations;
3. To acquire, receive, hold or dispose of property of all kinds, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
4. To sue and be sued in its own name; and to settle any **claims** against it.
5. To hire employees, agents, and independent contractors
6. To receive, collect and disburse monies from **Members** as provided in **Government Code** section 6504, including contributions or advances of personnel, equipment, or property
7. To invest any money in its treasury that is not required for its immediate necessities, pursuant to **Government Code** section 6509.5; and
8. To exercise all powers necessary and proper to carry out the terms and provisions of this **Agreement**, or otherwise authorized by law.

Said powers shall be exercised pursuant to the terms hereof and in the manner provided by law.

ARTICLE 8
BOARD OF DIRECTORS

"...each eleven (11) different Member Districts..." shall be interpreted to mean "... each of eleven (11) different Member Districts..."

There shall be a **Board of Directors** to govern the affairs of the **System**. The **Board** shall be comprised of one representative from each eleven (11) different **Member Districts** who shall be elected as set forth in the Bylaws. Each **Board** member has one vote. Each **Board** member shall either be a member of the governing body, its administrative officer, or its fire chief or staff person responsible for its **risk management** function.

ARTICLE 9
POWERS OF THE BOARD OF DIRECTORS

- A. The **Board** shall provide policy direction to the Administrator, an Executive Committee, and any committees if so desired. The **Board of Directors** may delegate any or all of its authority which **Government Code** Section 6508 permits it to so delegate, except the following:
1. Accept indebtedness (which requires a 2/3 (two-thirds) vote of the **Board**);
 2. Annually adopt an operating budget;
 3. Adopted and annually review and approve an Investment Policy consistent with the limitations set forth in the **Government Code**;
 4. Amend the Bylaws (which requires a 2/3 (two-thirds) vote of the **Board**);
 5. Approve contracts for JPA administrative services and legal counsel;
 6. Approve **Memorandums of Coverage**;
 7. Approve the retained limits established by the Administrator to be offered with each program year;
 8. Levy contribution assessments, if necessary, to ensure the sound financial operation of the **System**.
 9. Approve dividends to **members** for a program year;
 10. Create an office;

11. Establish, amend, or terminate a program (which requires a 2/3 (two-thirds) vote of those **Board** members participating in the specific program);
 12. Elect the officers of the **System**;
 13. Expel a **Member** from the **System** (which requires a 3/4 (three-fourths) vote of the **Board**);
 14. Approve the rescission of a **Member** withdrawal notice;
 15. Settle **claims** in accordance with the Settlement Authority Policy;
 16. Terminate or suspend the rights of a **Member** in default (which requires a 2/3 (two-thirds) vote of the **Board**); and
 17. May require that the **System** review, audit, report upon, and make recommendations with regard to the safety or **claims** handling functions of any **Member**, insofar as those functions are affecting the liability or potential liability of the **System**. The **Board of Directors** may forward any or all such recommendations to the **Member** with a request for compliance and a statement of potential consequences for noncompliance.
- B. The **Board** reserves the right to review any action of the Administrator, Executive Committee or other committee and may modify any decision or action.

ARTICLE 10 **OFFICERS**

- A. The officers of the **System** shall consist of the President, Vice President, Secretary, Treasurer, Assistant Treasurer, and Administrator.
1. The position of Treasurer shall be filled by a person who either is the treasurer of one of the **System's Member Districts**, a certified public accountant, or one of the officers, employees, or contract employees of the **System** itself. The Treasurer shall serve at the discretion of the President. The Treasurer shall be the depository of and have custody of all the money of the **System**, from whatever source. The Treasurer shall comply with the duties and responsibilities of the office as set forth in subdivisions (a) to (d), inclusive, of Section 6505.5 of the California **Government Code**. The **Board** shall require the treasurer to file with the **System** an official bond in the amount to be fixed by the **Board**. The **System** shall pay the cost of bond premiums required by this section.
 2. Election of California **Government Code** Section 6505.6. In lieu of the designation of a treasurer and auditor as set forth in California **Government Code** section 6505.5, the **System** elects to appoint the Treasurer of the **System** to said

positions under the provision of California **Government Code** section 6505.6. The **System** further elects to be governed by and incorporates herein all other provisions contained within **Government Code** section 6505.6. Treasurer, or its designee, shall maintain or cause to be maintained all accounting or other financial records of **System** and shall file all financial reports required of **System** and shall perform such other duties as the **Board** may specify.

- B. Other offices may be created pursuant to the Bylaws.
- C. All offices shall be filled and have the powers and responsibilities as prescribed in the Bylaws.

ARTICLE 11 **COMMITTEES**

- A. Executive Committee.

The **Board** may create an Executive Committee, as set forth in the Bylaws

- B. Other Committees

Other committees may be created by, or in accordance with, the procedures described in the Bylaws.

ARTICLE 12 **COVERAGES**

- A. The coverages provided for **Member Districts** by the **System** shall include protection for **workers' compensation** risks as required by California law and common law employer's liability risks such as are commonly covered by **workers' compensation** policies issued in the State of California. Coverage may be extended by the **Board of Directors** to include various types of property and/or public liability risks and/or employee benefits programs and/or such other areas of coverage as the **Board of Directors** shall determine.
- B. The **System** shall maintain an **insurance** limit for **Member Districts** determined by the **Board of Directors** to be adequate. The **Board of Directors** may arrange purchase of a group policy for **Member Districts** interested in obtaining additional types of limits of coverage, at an additional cost to those participating **Member Districts**. Such additional cost may include an administrative fee for the **System's** services.
- C. The **Board of Directors** may arrange for the purchase of any other **insurance** deemed necessary to protect the **System** or funds held by the **System** against catastrophe.

ARTICLE 13
DEVELOPMENT OF THE JOINT PROTECTION PROGRAM AND FUNDING COVERAGE

- A. As soon as practicable after the effective date of this **Agreement**, but prior to the effective date of this **Joint Protection Program**, the Board shall establish the **System's Joint Protection Program**, the amount of initial premiums, the precise cost allocation plan and formula, the pro forma financial statement of the **System**, and the amount and type of **excess insurance** to be procured.
- B. The **Board of Directors or Executive Committee** shall develop criteria for determining each **Member District's** annual share of pooled losses, expenses and contribution to a catastrophe fund which may include the **Member District's** individual loss experience and such other criteria as the **Board of Directors** may determine to be relevant.
- C. An annual calculation of deposit premium contribution shall be made and an estimate of such deposit premiums for the following year shall be mailed to all **Member Districts** by April 1 of each year. The estimated deposit premiums will be updated as information is made available to the **System** and final deposit premiums will be communicated to the **members** prior to July 1 of each year. At the end of each year a payroll audit shall be conducted and the deposit premium from the previous year will be adjusted based on the actual payroll reported.
- D. The **Board of Directors** may at any time and from time to time adopt such **Joint Protection Programs** as may be deemed desirable. The **Board of Directors** shall determine a minimum premium amount and number of district participants required for program implementation.

ARTICLE 14
PREMIUM ASSESSMENTS

If aggregate premiums are insufficient to pay losses and administrative expenses for a **fiscal year**, the **Board of Directors** may levy a special assessment in an amount sufficient to pay such projected losses and expenses. The amount of special assessments may be payable over a period not to exceed ten (10) years, or a shorter period of time if in the opinion of the **Board of Directors** such funds from the special assessment are needed to meet the cash flow needs of the **System**. The **Member District's** share of any premium assessment shall bear the same relation to the total premium assessments charged all **members** as the **Member District's** premium contributions bears to the aggregate premium contributions collected from all **Member Districts** during that **fiscal year**.

Any premium assessment shall be due and payable at such time and in such manner as the **Board of Directors** determines.

"estimate" shall be interpreted to mean, "eliminate."

The voluntary withdrawal or involuntary expulsion of a **Member** from the **System** shall not estimate, discharge or affect the **Member District's** obligation to pay premium contribution assessments for all coverage periods and programs in which the **Member District** participated.

ARTICLE 15 **ANNUAL BUDGET**

The **Board** shall annually adopt an operating budget.

ARTICLE 16 **AUDIT**

The **System** shall obtain an annual certified audit of its accounts and financial records which shall be made by a Certified Public Accountant, or public accountant, and shall conform to generally accepted auditing standards. The audit shall comply with **Government Code** section 6505.

ARTICLE 17 **ACCOUNTABILITY OF FUNDS**

The **System** shall be responsible for the strict accountability of all funds and reports of all receipts and disbursements in accordance with **Government Code** Section 6505.

The Treasurer shall have the custody of and be responsible for the safekeeping and disbursement of all **System** funds held by him or her only in accordance with the procedures established by the **Board of Directors** and in conformity with applicable law. The Treasurer may delegate any administrative duties to such other person or persons as are authorized by the **Board of Directors**.

ARTICLE 18 **RESPONSIBILITIES OF THE SYSTEM**

The **System** shall have the responsibility to:

- A. Provide **insurance** coverage as agreed upon and deemed necessary, including but not limited to a self-insurance fund and commercial **insurance**, such **insurance** to be arranged by negotiation or bid as necessary;
- B. At the option of the **Board of Directors** or **Executive Committee**, assist the **Member Districts** in obtaining **insurance** coverage for risks not included within the core coverage of the **System**;

- C. Assist each **Member District** with the implementation of **risk management** functions with the **Member District**;
- D. Provide claims adjusting and subrogation services for **claims** covered by the **System's Joint Protection Program(s)**;
- E. Provide loss runs and other loss control information and services as deemed appropriate;
- F. Provide for the defense of any civil action or proceeding brought against any officer, employee, **Board** member, or other agent of the **System**, in his or her official or individual capacity or both, on account of an act or omission within the scope of his or her responsibilities as an agent of the **System**; and
- G. Act in any other manner deemed necessary and appropriate by the **Board of Directors or Executive Committee** in order to carry out the purposes of the **Agreement**.

ARTICLE 19
RESPONSIBILITIES OF MEMBER DISTRICTS

- A. Appoint an employee, volunteer or officer of the **Member District** to be responsible for the **risk management** function within that **Member District** and to serve as a liaison between the **Member District** and the **System** as to **risk management** issues
- B. Each **Member** shall implement and maintain an injury and illness prevention program as required by the California Labor Code within ninety (90) days of inception into program. **Members** shall implement all requirements and policies of the **System**, and consider all recommendations of the **System** concerning unsafe practice(s);
- C. Promptly pay its annual contributions and any special premium assessments to the **System** when due;
- D. Provide the **System** with such other information or assistance as may be necessary for the **System** to carry out the **Joint Protection Program** under this **Agreement**.
- E. Each **Member** shall report job-related accidents or illnesses to the Third-party **Claims administrator** as soon as practicable after notification of the accident or illness, and no later than 48 hours after notification. **Members** shall use the format specified by the Administrator when making job-related accident reports. It shall continue to be the responsibility of each **Member** to make other official notifications to government agencies, including Cal-OSHA, when required.
- F. Each **Member** shall pay premium contributions, and special premium assessments due to the **System** within thirty (30) days of the billing date. Penalties for late payment of such charges, premium contributions or premium assessments may be determined and

The phrase, "inception into program" shall be interpreted to mean "acceptance into the System."

assessed by the **Board of Directors or Executive Committee**. After withdrawal or termination action under Articles 23 and 24, each **Member** shall pay promptly to the **System** any additional premium contributions due, as determined and assessed by the **Board of Directors**. Any costs or fees, including attorney's fees, incurred by the **System** associated with the collection of such premium contributions or other charges, shall be recoverable by the **System**.

- G. Cooperate with and assist the **System**, and any insurer of the **System**, in all matters relating to this **Agreement** and covered losses, and comply with all Bylaws, and rules and regulations adopted by the **Board of Directors or Executive Committee**.
- H. Each **Member District** shall have such other responsibilities as are provided elsewhere in the **Agreement**, Bylaws, **Memorandum of Coverage**, and as are established by the **Board of Directors** or Executive Committee in order to carry out the purposes of this **Agreement**.

ARTICLE 20 **INDEMNIFICATION OF BOARD OF DIRECTORS, EXECUTIVE COMMITTEE, OFFICERS AND EMPLOYEES**

The members of the **Board of Directors**, the Executive Committee, officers and employees of the **System** shall act in good faith, and in the best interests of the **System**, in the performance of their duties hereunder, and shall be liable for an act or omission within the scope of their office or employment of the **System** as a public entity only in the event that they act or fail to act because of actual fraud, corruption or actual malice, or willfully fail or refuse to conduct the defense of a **claim** or action in good faith or to reasonably cooperate in good faith in any defense conducted by the **System**. No member of the **Board of Directors** or Executive Committee shall be liable for any action taken or omitted by any other member of the **Board of Directors** or Executive Committee. No member of the **Board of Directors** or Executive Committee shall be required to give a bond or other security to guarantee the faithful performance of his or her duties hereunder, although the **System** may provide such coverage. Funds of the **System** shall be used to defend and to indemnify **members** of the **Board of Directors**, the Executive Committee, officers and employees of the **System** for any act or omission pursuant to the provisions of the **Government Code** Sections 910 to 996.6. The **System** may purchase **insurance** to provide coverage for acts or omissions of Directors, officers and employees.

The **System** shall indemnify, protect, defend, and hold harmless each and all of the **Member Districts**, and their officers and employees, for and from any and all liability, **claims**, causes of action, damages, losses, judgments, costs, or expenses (including attorney's fees) resulting from an injury caused by a negligent or wrongful act or omission occurring in the performance of this **Agreement** by the **System**, by one or more of the **Member Districts**, or any of their officers, employees, agents, or independent contractors. This indemnification provision is intended to supplant and supersede the pro rata right of contribution formula set forth in **Government Code** Section 895.6.

ARTICLE 21
SELF-INDEMNIFICATION AMONG THE MEMBER DISTRICTS

Section 895.2 of the California **Government Code** imposes certain tort liability jointly upon entities solely by reason of such entities being parties to an agreement as defined in Section 895 of said code. Therefore, the **Member Districts** hereto, as between themselves, pursuant to the authorization contained in Sections 895.4 and 895.6 of the California **Government Code**, each assumes the full liability imposed upon it for any of its officers, agents, or employees by law for injuries caused by a negligent or wrongful act or omission occurring in the performance of this **Agreement** to the same extent that such liability would be imposed in the absence of Section 895.2 of said code. To achieve this purpose, each **Member** agency indemnifies and holds harmless all other **Member Districts** for any loss, cost or expense that may be imposed upon such other **Member Districts** solely by virtue of Section 895.2 of the California Code.

ARTICLE 22
MINIMUM PARTICIPATION PERIOD

Each **Member District** shall participate in the **System's** coverage program for a minimum period of three years. During the initial three year period, this **Agreement** may be terminated only by the **System** in accordance with the provisions of Articles 23 and 24. The minimum three year period shall begin on the first date of coverage and expire at the end of three consecutive years.

ARTICLE 23
VOLUNTARY WITHDRAWAL

- A. A **Member District** which enters the **Joint Protection Program** agrees not to withdraw as a party to this **Agreement** and as a **Member** of the **System** for a three-year period commencing on the effective date of their joining the **Joint Protection Program**.
- B. Any **Member District** may voluntarily withdraw as a party to this **Agreement** and as a participant in the **Joint Protection Program** at the end of any **fiscal year**, or at any other time which is agreed to by the **Board**, by giving at least ninety (90) days signed notice in writing to the **System** of its desire to withdraw, provided the **Member** has met the three-year minimum, non-cancelable, participation requirement, and premium and special assessments are current. Any signed written notice of withdrawal is revocable by the **Member** only upon approval by the **Board**.
- C. No **Member District** may withdraw from **workers' compensation** coverage without withdrawing as a party to this **Agreement**.

ARTICLE 24
EXPULSION

- A. The **Board of Directors** may, with good cause, expel any **Member District** from membership in the **System** by a vote of three-fourths (3/4) of the **Board of Directors** present and voting at a regular or special meeting. Good cause shall include, but not be limited to non-payment of premium or surcharges, non-compliance with underwriting or loss control recommendations, a significant change of exposure, failure to adopt and implement a safety program, or failure to comply with this **Agreement**, the Bylaws, or such other rules and regulations as adopted by the **Board of Directors** or **Executive Committee**.
- B. The **Board of Directors** shall give ninety (90) days advance written notice of the effective date of any expulsion under the foregoing provision. The termination of membership shall be effective upon the date set forth in the notice unless prior to that effective date the **Member District** being expelled requests in writing a hearing by the **Board**. At the hearing, evidence shall be received as to the reasons why the **Member District** should not be expelled. After such hearing, a vote of three-fourths (3/4ths) of the members of the **Board of Directors** shall be required to expel the **Member District**. If, following the hearing, the **System** expels the **Member District**, the **System** shall give the **Member District** thirty (30) days notice in writing of its decision to expel the **Member District** and the effective date of the expulsion. Upon such effective date, the **Member** shall be treated the same as if it had voluntarily withdrawn from the **System**.

ARTICLE 25
EFFECT OF VOLUNTARY WITHDRAWAL OR EXPULSION

- A. The withdrawal of any **Member District** from this **Agreement** shall not terminate the same, nor shall it be considered as a completion of the purpose of this **Agreement**.
- B. Any **Member District** that voluntarily withdraws or is expelled from the **System** shall not be entitled to payment or return of any premium, consideration of property paid, or donated by it to the **System** until all **claims**, or other unpaid liabilities, covering the period the **Member District** was signatory hereto have been finally resolved and a determination of the final amount of payments due by the **Member District** or credits to the **Member District** for the period of its membership has been made by the **Board of Directors**.
- C. The voluntary withdrawal or expulsion of any **Member District** from the **System** shall not relieve that **Member District** of its responsibility to pay its proportionate share of any special assessments declared on years in which that **Member District** participated in the **System**.

ARTICLE 26
TERMINATION AND DISTRIBUTION

This **Agreement** may be terminated at any time during the first noncancelable year by the written consent of all **Member Districts**, and thereafter by the written consent of a majority of the **Member Districts**, provided, however, that this **Agreement** and **System** shall continue to exist for the purpose of paying all debts and liabilities, disposing of all **claims**, distributing net assets, and otherwise finalizing and liquidating the affairs of the **System**.

The **Board of Directors** is vested with all powers of the **System** during such finalizing and liquidation, including the power to require **Member Districts** including those which were **Member Districts** at the time any unresolved **claim** arose or at the time the loss was incurred, to pay their share of any additional amount of premium deemed to have been incurred; and to pay their share of any additional amount of premium deemed necessary by the **Board of Directors** for final disposition of all **claims**, losses and liabilities covered by this **Agreement**. Such additional premiums shall be determined and thereafter adjusted, if necessary, in the same manner as provided in Article 13 hereof for annual premiums.

Upon completion, finalizing and liquidation of the affairs of the **System**, payment of any funds remaining shall be made to those districts that were **Member Districts** of the **System** at the time of said termination in the same proportion as the premium paid by each such district prior to any modification for individual district loss experience for the three years prior to termination bears to the total of such premiums paid by all such districts during that period of time.

ARTICLE 27
DISPOSITION OF PROPERTY AND FUNDS

In the event of the dissolution of the **System**, the complete rescission or other final termination of this **Agreement** by all **member districts** then parties hereto, any property interest or surplus that is remaining in the **System** following a discharge of all obligations shall be disposed of as provided for in Article 26 of this **Agreement**.

"Obligations", as referred to herein, shall include, but not be limited to, all payments required by law, together with all reserves established for the purpose of paying **workers' compensation claims** and related claim costs, together with any other legal obligations incurred by the **System** pursuant to this **Agreement**.

ARTICLE 28
PROVISION FOR BYLAWS

The phrase, "...a policy and procedure manual..." shall be interpreted to mean, "...such rules and regulations as the Board deems appropriate from time to time..."

As soon as practicable after the first meeting of the **Board of Directors**, and within the first twelve months of the **System's** existence, the **Board** shall cause to be developed **System** Bylaws and a policy and procedure manual to govern the day-to-day operations of the **System**. Each **Member District** shall receive a copy of any Bylaws, policy statement or manual developed under this Article. Each party to this **Agreement** agrees to comply with and be bound by the provisions of said Bylaws and further agrees that the **System** shall be operated pursuant to the **Agreement** and said Bylaws and such other rules and regulations as adopted by the **Board of Directors** or **Executive Committee**.

ARTICLE 29
NOTICES

The **System** shall address notices, billings and other communications to a **Member District** as directed by the **Member District**. Each **Member District** shall provide the **System** with the address to which communications are to be sent. **Member Districts** shall address notices and other communications to the **System** to the Program Administrator of the **System**, at the office address of the **System** as set forth in the Bylaws

ARTICLE 30
AMENDMENT

This **Agreement** may be amended at any time by the written approval of two-thirds (2/3) of the **Member Districts** signatory to it.

ARTICLE 31
ENFORCEMENT

The **System** is hereby granted the authority to enforce this **Agreement**. In the event action is instituted to enforce any term of this **Agreement** against any District which signed this **Agreement**, the District agrees to pay reasonable attorney fees and costs in said action.

ARTICLE 32
COUNTERPARTS

This **Agreement** may be executed in one or more counterparts and shall be as fully effective as though executed in one document.

ARTICLE 33
ASSIGNMENT

No District may assign any right, claim or interest it may have under this **Agreement**, except to a successor entity following a reorganization. No creditor, assignee or third-party beneficiary of any District shall have any right, claim or title to any part, share, interest, fund, premium or asset of the **System**. Should any participating **Member District** reorganize in accordance with the statutes of the State of California, the successor in interest, or successors in interest, may be substituted as a **Member District** upon approval by the **Board of Directors**.

ARTICLE 34
SEVERABILITY

In the event that any article, provision, clause or other part of this **Agreement** should be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability with respect to other articles, clauses, applications or occurrences, and this **Agreement** is expressly declared to be severable.

ARTICLE 35
AGREEMENT COMPLETE

The foregoing constitutes the full and complete agreement of the parties. There are no oral understandings or agreements not set forth in writing herein.

IN WITNESS HEREOF, the parties hereto have executed this **Agreement** by authorized officials thereof on the date indicated in the following pages.