

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

JOINT EXERCISE OF POWERS AGREEMENT

AS AMENDED AND RESTATED

EFFECTIVE April 27, 2015

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**JOINT EXERCISE OF POWERS AGREEMENT
FOR THE CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT
AUTHORITY**

THIS AGREEMENT is made and entered by and between the Trustees of the California State University (the “University”) and its auxiliary organizations (the “Auxiliary Organizations”) which become signatories to this instrument (the “Agreement”).

Recitals

A. WHEREAS the Entity was formed by the Members effective January 1, 1997, and the Members have amended and restated this Agreement on April 24, 1997, May 18, 2000, May 18, 2001, May 15, 2003, October 27, 2005, May 18, 2007, October 28, 2011, and April 27, 2015;

B. WHEREAS the University is an agency of the State of California;

C. WHEREAS the Auxiliary Organizations are nonprofit public-benefit organizations formed pursuant to the California Nonprofit Corporation Law at § 5110 *et seq.* and described in California Education Code § 89901, *et seq.*;

D. WHEREAS the University is permitted to self-insure or purchase Liability insurance pursuant to California Government Code § 11007.4 and purchase Workers’ Compensation insurance pursuant to Labor Code § 3700, *et seq.*, and whereas Auxiliary Organizations are permitted to self-insure, purchase Liability insurance or participate in a pooling arrangement under California Corporations Code § 5005.1, and to self-insure or purchase insurance for Workers’ Compensation liability pursuant to California Labor Code § 3700, *et seq.*;

E. WHEREAS California Government Code § 6516.9 allows the University and the Auxiliary Organizations to form a Joint Powers Entity (“Entity”) to provide insurance programs and self-insurance programs and to provide related services; and

F. WHEREAS the University and Auxiliary Organizations which become signatories find that they will benefit by forming such a Joint Powers Entity, and that it is in their best interest and the public interest that this agreement be executed.

NOW, THEREFORE, In consideration of the foregoing Recitals and the mutual promises of the parties as set forth in the following Terms and Conditions, it is mutually agreed by all of the parties to this Agreement as follows:

Terms and Conditions

SECTION 1: Definitions

The following definitions shall apply to the provisions of this Agreement:

- (a) “Agreement” shall mean this joint exercise of powers agreement.
- (b) “Auxiliary Organization” shall mean an organization described in California Education Code § 89901 *et seq.*, which is on the approved list of Auxiliary Organizations of the University Chancellor’s Office.
- (c) “Board of Directors” or “Board” shall mean the governing body of the Entity.
- (d) “Bylaws” shall mean the adopted Bylaws of the Entity as amended in their latest approved form.
- (e) “Coverage Program” shall mean the Entity’s programs as defined herein.
- (f) “Entity” shall mean the California State University Risk Management Authority created by and existing under this Agreement.
- (g) “Executive Committee” shall mean the Executive Committee of the Entity’s Board of Directors.
- (h) “Member” shall mean a party to this Agreement. For purposes of this Agreement, each University campus and the Chancellor’s Headquarters shall be considered separate Members, but such University campuses and the Chancellor’s Headquarters shall not be considered parties to this Agreement separate from the University.
- (i) “Pooled Coverage Programs” shall consist of Coverages Programs provided directly by the Entity under a Risk Pooling Program pursuant to a memorandum of coverage and/or provided by a purchased insurance program. These may include, but are not limited to, Property, Workers’ Compensation and Liability coverages as may be determined by the Board of Directors.
- (j) “Program Director” shall mean the individual or firm retained by the Board of Directors to administer the Entity.
- (k) “Purchased Insurance Programs” shall mean those Coverage Programs in which members do not share risk of loss.
- (l) “Risk Pooling Programs” shall mean those Coverage Programs in which participating members share risk of loss.
- (m) “University” shall mean the Board of Trustees of the California State University.

SECTION 2: Legal Authority For Agreement

(a) This Agreement is entered into pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (beginning with § 6500) which authorizes the University and Auxiliary Organizations, such as the Members who are parties to this Agreement, to establish and operate pooled coverage programs and to provide related services.

SECTION 3: Purposes

The purposes of this Agreement are to:

- (a) Provide for the effective governance of the Entity;
- (b) Provide for the effective operation of cooperative programs of risk management and loss prevention so as to reduce or eliminate losses and loss exposures, decrease the expenses of claims and claims administration and improve procedures to manage risks commonly experienced by the parties to this Agreement;
- (c) Provide for effective operation of Coverage Programs in the areas of public liability, auto liability, errors and omissions, workers' compensation and property losses, and in such other coverage areas as the Board of Directors deems appropriate; and
- (d) Implement new Coverage Programs and other programs related to the foregoing purposes, which the Entity deems necessary, advisable and beneficial to the parties to this Agreement.

SECTION 4: Parties to the Agreement

Parties to this Agreement may only include:

- (a) The California State University; and
- (b) The Auxiliary Organizations as defined herein.

SECTION 5: Term of Agreement

Subject to the power to terminate any Member's membership in the Entity, as provided for in this Agreement, this Agreement shall continue indefinitely, and it shall not be terminated so long as the University and one or more Members agree that the Agreement, and the Entity, be continued. Withdrawal by the University will cause dissolution of the Entity.

SECTION 6: Existence of Entity As Separate Public Entity With Sole Responsibility For Its Obligations

Pursuant to California Government Code § 6500 *et seq.*, a public entity of the State of California known as the California State University Risk Management Authority has been created and does now exist. The Entity exists separately and apart from the Members. Pursuant to California Government Code § 6508.1 the debts, liabilities and obligations of the Entity shall be solely its own and they shall not constitute debts, liabilities or obligations of its officers, Directors, employees, agents, Board of Directors, Executive Committee, Program Director or of any Member.

SECTION 7: Powers of Entity

(a) The Entity shall have all of the powers common to the parties to this Agreement and all additional powers afforded under California law to public entities such as Entity, formed for the purpose of jointly exercising powers common to their members. The Entity is also authorized by this Agreement to do all acts necessary for the exercise of its powers. The Entity's powers include, but are not limited to, the following:

- i. To make and enter into contracts;
- ii. To incur debts, liabilities, and obligations;
- iii. To acquire, hold, lease or dispose of real or personal property, receive contributions and donations of property, funds, contract for services and other forms of assistance from persons, firms, corporations, and government entities;
- iv. To sue and be sued in its own name, and to settle any claim against it;
- v. To hire employees and to retain agents, advisors and consultants;
- vi. To receive and use contributions and advances from Members as provided in California Government Code § 6505.5, including contributions or advances of personnel, equipment or property;
- vii. To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code § 6509.5; and
- viii. To carry out all provisions of this Agreement.

(b) Pursuant to California Government Code § 6500 *et seq.* the Entity's powers shall be exercised in the manner and according to Procedures provided in the laws applicable to a California State University, as set forth in Sections 66000 *et seq.* and Sections 89000 *et seq.* of the California Education Code.

SECTION 8: Board of Directors

There shall be a Board of Directors to manage the activities and affairs of the Entity. It shall be composed of up to thirty (30) Directors appointed by or as delegated by the University Executive Vice Chancellor/Chief Financial Officer; and up to ten (10) Directors elected by the Auxiliary Organizations which become members of the Entity. Directors appointed by the University serve at the pleasure of the Executive Vice Chancellor/Chief Financial Officer or his/her delegate, and may be replaced at any time. The Executive Vice Chancellor/Chief Financial Officer or his/her delegate may also appoint alternate representatives who shall serve in the absence of the primary representatives. Should the Executive Vice Chancellor/Chief Financial Officer appoint fewer than 30 Directors, the voting power for unfilled appointments shall be retained by the Executive Vice Chancellor/Chief Financial Officer and may be delegated by the Executive Vice Chancellor/Chief Financial Officer to a duly appointed Director(s). Directors elected by the Auxiliary Organizations shall serve subject to terms and conditions of a policy and procedure duly adopted by the Auxiliary Organizations Risk Management Alliance Committee for election and replacement of same. Each Director of the Entity must be an officer, director or employee of the University or officer, director or compensated management employee of an Auxiliary Organization.

SECTION 9: Powers of the Board of Directors

(a) The Board of Directors shall retain overall responsibility for governance of the Entity, including the right to exercise all powers of the Entity not reserved to other persons or bodies of the Entity.

(b) The Board of Directors shall have reserved to itself the following express powers, duties and responsibilities:

- i. Election of certain Entity officers and the members of its Executive Committee.
- ii. Approval of the annual budget of the Entity.
- iii. Approval of amendments to this Agreement and the Bylaws.
- iv. Approval of new Coverage Programs of the Entity.
- v. Amendment or modification of any prior actions or resolution of the Board of Directors.
- vi. The exercise of powers of the Entity, including promulgation of policies, procedures and rules, with respect to all matters reserved to the Board of Directors by this Agreement, the Bylaws or otherwise.

SECTION 10: Meetings of the Board of Directors

(a) The Bylaws of the Entity shall make provision for calling and holding meetings of the Board of Directors, which shall include, in any event, at least one regular meeting annually.

(b) Meetings of the Board of Directors shall be conducted in accordance with this Section, the Bylaws and the Bagley-Keene Open Meeting Act (California Government Code § 11120 *et seq.*)

(c) The presence of a majority of the Directors of the Board shall constitute a quorum for the conduct of business of the Board except as otherwise provided by this Agreement, the Bylaws or other applicable provisions of law.

SECTION 11: Officers of the Entity

(a) The officers of the Entity shall be a Chair, Vice Chair, Secretary-Auditor and Treasurer whose duties shall be as set forth in this Agreement, the Bylaws, any duly adopted policy and procedure of the Entity, or as prescribed by applicable provisions of law.

(b) The Chair and Vice Chair shall be elected by the Board of Directors from the members of the Board and shall serve two year terms. Neither officer shall serve for more than three complete consecutive terms in his or her respective office. The terms of each office will ordinarily commence on July 1st of each even-numbered calendar year except that if an election has not been conducted by that date, the terms shall commence as soon as the election has been held. The terms of each office shall end on June 30th of the succeeding even-numbered calendar year, except that if the election of the officers to serve the next succeeding term has not been conducted, the incumbent officers shall continue to hold their offices until the election has been conducted.

(c) The Secretary-Auditor shall be the person who serves as the University's Systemwide Director of Risk Management at the Chancellor's Office or such other person as the Executive Committee appoints.

(d) The Treasurer shall be appointed by the University Executive Vice Chancellor/Chief Financial Officer and shall be a member of the Board. The Treasurer shall serve at the pleasure of the Executive Vice Chancellor/Chief Financial Officer.

(e) The Entity may have such other officers as provided in the Bylaws.

(f) The Chair or Vice Chair shall be removed from office by reason of no longer being a Director or upon removal from the Executive Committee as set forth in the Bylaws. If this occurs, the University Executive Vice Chancellor/Chief Financial Officer may appoint an interim Chair or Vice Chair and the Board may hold an election to fill the vacancy for the remainder of the unexpired term.

SECTION 12: Executive Committee

(a) The day-to-day business of the Entity will be conducted, directed and supervised by an Executive Committee consisting of nine members of the Board of Directors.

(b) The Executive Committee shall be composed of the Chair, Vice Chair, Treasurer, four members elected from among the University-appointed Directors and two members elected from among the Auxiliary Organization Directors. Executive Committee elections and terms of office shall follow the same procedure as set forth in Section 11 above, with University-appointed Directors electing their four representatives and Auxiliary Organization Directors electing their two representatives. Of the four members elected from University appointed Directors, two terms of office shall end on June 30 in odd-numbered years, and two terms of office shall end on June 30 in even-numbered years. At the end of their term limits, the Chair and Vice Chair may run for election to become non-officer members of the Executive Committee. Term limitations shall not apply to the Executive Committee members elected by the University (other than the Chair and Vice Chair). The terms of office for the Auxiliary Organization representatives to the Executive Committee shall be determined by the policies and procedures adopted by the Auxiliary Risk Management Alliance Organization Committee, which may include term limits.

(c) The Executive Committee shall have all powers of the Board of Directors except those powers reserved solely to the Board under Section 9 above, or such powers as the Board may subsequently reserve solely to itself.

SECTION 13: Committees

The Entity shall have standing and other committees as may be provided for in the Bylaws or which are created by the Board of Directors, the Executive Committee or the Chair. Committees of the Entity shall have powers, duties and responsibilities as provided in the Bylaws or as delegated and directed by the appointing authority.

SECTION 14: Program Director, Staff and Consultants

(a) The Board of Directors shall appoint a Program Director who shall be responsible for the general administration of the business and activities of the Entity as directed by the Executive Committee.

(b) The California State University Office of General Counsel shall serve as general legal counsel to the Entity.

(c) Subject to the direction of the Board of Directors, the Executive Committee shall provide for the appointment of such staff or consultants of the Entity as may be necessary for the administration of the Entity.

(d) As determined by the Executive Committee, staff functions including those of Program Director may be performed by employees of the Entity, by officers, Directors and employees of Members or by agents, advisors and consultants retained under contract by the Entity.

(e) The Program Director and other staff of the Entity shall have such powers, duties and obligations as are established by this Agreement, the Bylaws, the policies, procedures and rules promulgated by the Entity and any contractual arrangements which may exist between the Entity and the respective person.

(f) The Program Director and Legal Counsel shall serve at the will and pleasure of the Board of Directors and all other staff shall serve at the will and pleasure of the Executive Committee.

SECTION 15: Insurance Coverage

The Entity may maintain insurance coverage on its activities as determined by the Executive Committee to be necessary and adequate.

SECTION 16: Accounts and Records

(a) Annual Budget. The Entity shall adopt an annual budget, which shall include a separate budget for each separate Coverage Program under development or adopted and implemented by the Entity. The Executive Committee shall cause to be prepared, shall review and approve and shall recommend a proposed annual budget to the Board of Directors for its consideration.

(b) Funds and Accounts. As directed by the Executive Committee, the Treasurer of the Entity shall establish and maintain such funds and accounts as may be required by law and good accounting practices. Fund accounting shall be established and maintained for each insurance program under development or adopted and implemented by the Entity. Books and records of the Entity in the hands of the Treasurer shall be open to inspection at all reasonable times by authorized representatives of Members. A quarterly unaudited financial statement will be produced. The Entity shall adhere to the standard of strict accountability for funds set forth in Government Code § 6505.

(c) Treasurer's Report. The Treasurer, within ninety (90) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each Member.

(d) Annual Financial Audit. Pursuant to Government Code § 6505, the Entity shall contract with an independent certified public accountant to make an annual fiscal year audit of all accounts and financial statements of the Entity, or shall have the accounts and records audited by the State Controller's Office, and shall comply with all reporting and filing requirements relating to such audits.

SECTION 17: Responsibilities for Funds and Property

(a) The Treasurer shall have custody of and shall disburse the Entity's funds. He or she may delegate disbursing authority to such persons as may be authorized by the Executive Committee to perform that function, subject to the requirements of (b) below.

(b) Pursuant to Government Code § 6505.5, the Treasurer shall:

i. Receive and acknowledge receipt of all funds of the Entity and place them in the treasury of the Treasurer to the credit of the Entity.

ii. Be responsible upon his or her official bond for the safekeeping and disbursement of all Entity funds so held by him or her.

iii. Pay any sums due from the Entity, as approved for payment by the Board or Executive Committee or by any body or person to whom the Board has delegated approval authority, making such payments from Entity funds upon warrants drawn by the Treasurer. All warrants of the Entity shall be signed by two persons as designated by the Board; provided, however, that the Board may, by resolution, authorize imprest accounts for expenditures of funds in limited amounts for which only one authorized signatory shall be required on the instrument.

iv. Verify and report in writing to the Entity and to Members, as of the first day of each quarter of the fiscal year, the amount of money then held for the Entity, the amount of receipts since the last report, and the amount paid out since the last report.

(c) Pursuant to Government Code § 6505.1, the Program Director, the Treasurer and such other persons as the Executive Committee may designate shall have charge of, handle and have access to the property of the Entity.

(d) The Entity shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in form specified by the Executive Committee, covering the Treasurer and all other officers and staff of the Entity who are authorized to hold or disburse funds of the Entity, and all other officers and staff who are authorized to have charge of, handle, and have access to property of the Entity.

SECTION 18: Responsibilities of the Entity

The Entity shall perform the following functions in discharging its responsibilities under this Agreement:

(a) Assist each Member's designated risk manager with the risk management function;

(b) Provide loss prevention and safety services to the Members;

- (c) Provide claims adjusting and claims management services as required;
- (d) Provide statistical reports to the Members;
- (e) Recommend standard contract clauses relating to indemnity, hold harmless, insurance and other similar matters affecting Members; and
- (f) Create Coverage Programs as the Board deems appropriate;
- (g) Provide other services consistent with purposes of the Entity as may be deemed necessary, advisable and beneficial to the Members.

SECTION 19: Responsibilities of the Members

(a) Each Member shall appoint one employee or other representative as the Member's designated Risk Manager to be responsible for the Member's risk management activities and to serve as liaison between Member Agency and the Entity as respects risk management.

(b) Each Member shall maintain an active safety program through a designated safety officer and/or safety committee.

(c) Each Member shall timely pay all premiums, fees, charges and assessments imposed or levied by the Entity.

(d) Each Member shall provide the Entity with requested information and assistance in order to fulfill the programs under this Agreement.

(e) Each Member shall in all ways cooperate with and assist the Entity in all matters relating to this Agreement and comply with the Bylaws and the policies, procedures and rules promulgated by the Entity.

(f) Each Member shall cooperate fully with the Entity in determining the causes of losses and in the settlement of losses; and shall cooperate with and assist the Entity, and any insurer, claims adjuster or legal counsel retained by the Entity in all matters relating to this agreement, including the defense of claims and/or adjustment of losses.

SECTION 20: Development, Implementation and Funding of Coverage Programs

(a) Program Coverage. The Entity may develop and implement Coverage Programs which the Entity deems necessary, advisable and beneficial to Members. Subject to any Coverage Program's applicable underwriting rules and other qualifying conditions, each Member shall be eligible to apply for membership and participation in any program conducted by the Entity. The Board may condition participation on approval by a majority vote of other participating Members.

(b) Program and Entity Funding. The Members developing or participating in a Coverage Program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting the Entity, hereinafter called Entity general expenses, shall be equitably allocated among the various programs and shall be funded by the Members developing or participating in such programs in accordance with such allocations, as determined by the Board of Directors or Executive Committee.

i. Development Charge. Development costs of a Coverage Program shall be funded by a development charge as fixed by the Executive Committee. The development charge shall be paid by each Member which wishes to join in development of the program, after receipt of information as estimated on the cost and scope of the program, and thereby reserve the option to participate in the program following its adoption by the Board of Directors. Development costs are those costs incurred by the Entity in developing a program for review and adoption by the Board of Directors, including but not limited to: research, feasibility studies, information and liaison work among Members, preparation and review of documents, and actuarial and risk management consulting services. The development charge may also include an equitable share of Entity general expense incurred in the development function. Upon the conclusion of program development: any deficiency in development funds shall be billed to all Members which have paid the development charge, on a pro-rata or other equitable basis, as determined by the Executive Committee; and any surplus in such funds shall be refunded to contributing Members on a pro rata basis.

ii. Annual Premium. Except as provided in iii. below, all post-development costs of a Coverage Program shall be funded by annual premiums charged to the Members participating in the program each policy year, and by interest earnings on the fund so accumulated. Premiums shall be determined by the Executive Committee upon the basis of a cost allocation plan and rating formula developed by the Entity with the assistance of an actuary, risk management consultant or other qualified person. The premium for each participating Member shall include that Member's share of expected program losses, program reinsurance costs, and program administrative costs for the year plus that Member's share of Entity general expense allocated to the program. Annual premiums shall be billed by the Entity at the beginning of each policy year and shall be payable within thirty (30) days of the billing date. At the end of each policy year, program costs shall be audited by the Entity. Any deficiency or surplus in the premium paid by a participating Member, as shown by such audit, shall be adjusted by a corresponding increase or decrease in the premium charge to that Member for the next succeeding year, unless the Member withdraws or is canceled from the program.

iii. Assessment. If the Entity experiences unusually large losses under a Risk Pooling Program during a policy year, such that pooled funds for the program may be exhausted or depleted excessively before the next annual premiums are due, the Board of Directors may, upon consultation with an actuary, impose assessments on all Members participating in that program, which, in total amount, will assure adequate funds to the Entity for the payment of all incurred losses. The Board, Executive Committee or other authorized committee may adopt a plan of assessment when the assets of Entity, or of a Coverage Program of the Entity, are less than its liabilities.

SECTION 21: New Auxiliary Organization Members

An Auxiliary Organization which is not a Member may become a party to this Agreement only upon approval of the Executive Committee and by paying an appropriate entry fee or charge as established by the Executive Committee. The Executive Committee may condition its approval upon the proposed Auxiliary Organization Member's ability to satisfy the underwriting criteria and other qualifying conditions which may then be in effect for any Coverage Program in which the proposed Auxiliary Organization Member wishes to participate.

SECTION 22: Withdrawal of Members

(a) An Auxiliary Organization may withdraw as a party to this Agreement upon thirty (30) days' advance written notice to the Entity if it has never become a participant in any Coverage Program, or if it has withdrawn from all Coverage Programs in which it was a participant, pursuant to (b) below.

(b) After becoming a participant in a Coverage Program, an Auxiliary Organization may withdraw from that program only at the end of a policy year for the program, and, unless the Coverage Program's participation agreement, policies, procedures and rules otherwise provide, only if the Auxiliary Organization has given the Entity at least three (3) months' advance written notice of such action.

(c) The University may withdraw as a party to this Agreement and cause termination of the Agreement pursuant to Section 5 of this Agreement upon ninety (90) days' advance written notice to the Entity.

SECTION 23: Termination

(a) Notwithstanding the provisions of Section 22, the Board of Directors may:

i. Terminate any Member from this Agreement and membership in the Entity, on a vote of two-thirds of the Board members present and voting. Such action shall have the effect of terminating the Member's participation in all Coverage Programs of the Entity as of the date that membership is terminated, unless a later effective date is set by the Board.

ii. Terminate any Member's participation in a Coverage Program of the Entity, without terminating the Member's membership in the Entity or participation in other Coverage Programs, on a vote of two-thirds of the Board members present and voting.

(b) Upon the effective date, the Member shall be treated the same as if it had voluntarily withdrawn from this Agreement or from the Coverage Program, as the case may be. A termination procedure will be set forth in the Bylaws of the Entity.

(c) A Member which does not enter one or more of the Coverage Programs of the Entity within 36 months after the Member becomes a party to this Agreement shall be considered to have withdrawn as a party to this Agreement at the expiration of the 36-month period, and its

membership in the Entity shall be automatically canceled as of that time without action of the Board of Directors.

(d) A Member which withdraws from all Coverage Programs of the Entity in which it was a participant and does not enter any Coverage Program for a period of six (6) months thereafter shall be considered to have withdrawn as a party to this Agreement at the end of that period, and its membership in the Entity shall be automatically canceled as of that time, without action of the Board of Directors.

(e) An Auxiliary Organization no longer on the list of recognized Auxiliary Organizations, as maintained by the University Executive Vice Chancellor/Chief Financial Officer may, upon recommendation by the University Executive Vice Chancellor/Chief Financial Officer to the Board, be terminated as provided in paragraphs (a) and (b) of this Section 23.

SECTION 24: Effect of Withdrawal or Termination

The withdrawal or termination of any Member from this Agreement shall not terminate the responsibility of the former Member to continue to contribute to its share of assessments or other financial obligations incurred by reason of its previous participation, and shall not terminate the duties to cooperate with and assist the Entity as set forth in Section 19(f) above. The withdrawal or termination of any Member from this Agreement shall not result in distribution of or entitle the former Member to any surplus, unencumbered funds, reserves or other assets of the Entity except as provided under the applicable policies and procedures of the Entity or its programs or as provided under Section 25 of this Agreement. The effects of this Section 24 shall apply as respects all assets of the Entity that may have been accrued from its inception.

SECTION 25: Disposition of Property and Funds

(a) In the event of the dissolution of the Entity or other final termination of the Agreement, the Board of Directors shall continue to manage the activities and affairs of the Entity as necessary to conclude the operations of the Entity. The Board may maintain in place the Executive Committee and any committees, agents or employees necessary to do so. The dissolution plan adopted by the Board of Directors shall provide for, but not be limited to, the following:

i. Claims outstanding against, and incurred but not reported to, the Entity shall be audited and calculated, by an independent auditor and actuary selected by the Board, for a determination of future liabilities for expenses and costs to bring these claims to a conclusion.

ii. The current fair market value of the Entity's assets shall be determined by an independent appraiser selected by the Board.

(b) If the Board of Directors determines a dividend or return of contributions is to be declared, such dividend or return of contribution shall be computed pursuant to policies and procedures adopted by the Board of Directors. Return of contributions shall be made pro rata

based on total funding contributions made by each Member over the five (5) years immediately before the date of dissolution as defined in the dissolution plan.

(c) The Entity may be dissolved by vote of 2/3rds of the Board of Directors.

(d) In the event of the dissolution of the Entity or other final termination of the Agreement, any surplus money remaining in the pool shall be returned in proportion to the contributions made and the claims or losses paid.

SECTION 26: Provision for Bylaws

The Entity shall enact Bylaws and adopt other policies and practices to govern Entity operations. Each Member shall be provided copies of all such materials.

SECTION 27: Amendment of Agreement

This Agreement may be amended at any time by a two-thirds vote of the Board of Directors present and voting, provided, however, that:

(a) Any meeting at which an amendment is to be acted upon shall require thirty (30) days' prior notice of the proposal, with the subject matter and specific language of the proposed amendment to be set forth in the notice;

(b) No amendment which the Board of Directors determines will increase the liability or financial obligation of a Member Agency shall be approved without:

i. That Member's consent; or

ii. That Member being given the specific option to withdraw from the Entity; and

(c) The notice provision of this section shall not prohibit the Board from amending any proposed specific language during the noticed meeting, and no further notice shall be required.

SECTION 28: Assumption of Prior Agreements

The Entity may assume the rights and duties from prior agreements entered into by the University for the benefit of the University's former self-insurance programs by ratification of the Board of Directors.

SECTION 29: Agreement Complete

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

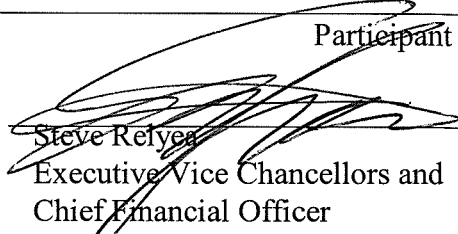
SECTION 30: Effective Date of Agreement

The effective date of this Agreement shall be the date that the Board of Directors of the Entity duly and regularly adopts a resolution approving the form of this Agreement in the manner provided by Section 26 of this Agreement.

SECTION 31: Contract with Each Signatory Each party to this Agreement shall be deemed and is a contracting party with each and all of the other parties to this Agreement without regard to the time that a party became a party to the Agreement. The deletion of one or more parties from this Agreement shall not affect the validity, term or continuing effectiveness of this Agreement.

IN WITNESS WHEREOF, each of the parties hereto, by and through their respective duly authorized representatives, has executed this Agreement on the date so indicated.

California State University

Date: 4/27/15 By:  Participant Name
Steve Relyea
Executive Vice Chancellors and
and By: Chief Financial Officer