EXHIBIT E

1398 Sperber Road • El Centro, CA 92243 • Tel 760.312.6464 • Fax 760.312.6565 • www.icsveba.org

April 29, 2010

Travis Gregory, M. ED., SPHR
Associate Dean of Human Resources
Imperial Valley College
380 E. Aten Rd., P.O. Box 158
Imperial, CA 92251-0158

Re: Participation ICSVEBA

Dear Mr. Gregory:

This is to notify you that the ICSVEBA Board of Directors has agreed to extend an invitation to Imperial Valley College (IVC) to participate in the Imperial County School Voluntary Employee's Benefits Association (ICSVEBA) for health benefits effective July 1, 2010, based upon certain agreed conditions. They are as follows:

1. IVC agrees to all of the provisions of the ICSVEBA Amended Trust Agreement demonstrated by the appropriate management and labor signatures on the designated participation agreements and memorandums of understanding.

2. IVC understands the rates for covered participants will be on a 12 month basis and handled as a monthly draw down by the Imperial County Office of Education on the 21st of each month.

3. IVC also understands that due to restrictions imposed by Blue Cross of California the ICSVEBA cannot utilize this network of providers for the first 15 months of your district's participation. This condition is unfavorable to the ICSVEBA, since the network discounts extended by the First Health/CCN Network are not as deep as those offered by Blue Cross. As a result, the ICSVEBA will surcharge IVC 5% over ICSVEBA's current billed rates. This procedure will continue for a period of 15 months. At the end of this time, the VEBA will conduct an informal audit and determine whether the surcharge was adequate to compensate for the lack of Blue Cross discounts. It is intended that any resulting surplus will be returned to IVC, likewise any short fall will be accessed.

4. IVC agrees that post-65 retirees will not be allowed to participate in the ICSVEBA. It is our understanding that arrangements are available to satisfy the needs of these individuals through a Hartford fully insured medi-care supplement program including prescription drug benefits. For ease of administration this program will be offered as an ICSVEBA supplement plan and not be a part of ICSVEBA's medical experience.

5. ICSVEBA is aware that currently IVC has several unique participation agreements which have been grandfathered. IVC will work toward adhering to the provisions of ICSVEBA.

With the above understanding, the ICSVEBA Board welcomes IVC's participation.

We look forward to a mutually beneficial working relationship.

Sincerely,

Amanda L. Brooke

Amanda Brooke
ICSVEBA, Chair

Board of Directors
· Amanda Brooke · Ben Bustamante · Alicia Garcia · Damon Smith · Dan Eddins ·
· Dana Cato · Doug Kline · Ellen Lopez · Jamie Silva · Kim Taylor ·
· Mary Camacho · Ramas Morrison · Ruth Montenegro ·
· Stacey Arthur · Cathy Denton · Mark Surdkya ·
Broker/Consultant: E. Jack Phelps, CLU; Vice President HUB International

EXHIBIT E

Amended Agreement Establishing the

Imperial County Schools Voluntary Employees Benefits Association

March 22, 2010

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Imperial County Schools Voluntary Employees Benefits Association

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Amended Agreement Establishing the Imperial County Schools Voluntary Employees Benefits Association

This agreement and declaration made and entered into the First day of October 1997, and amended on June 6, 2000, November 18, 2002, February 24, 2003, November 26, 2007, and March 22, 2010 by and between the participating Unit(s) and Chapter(s) (hereinafter "Union Participants"), and the School District and/or Community College District(s) (hereafter "District Participants") as listed below:

Calipatria Unified School District
El Centro Elementary School District
Heber Elementary School District
Imperial County Office of Education
Imperial Valley Regional Occupational Program (IVROP)
McCabe Union Elementary School District
Meadows Union School District
Mulberry School District
San Pasqual Unified School District
Seeley Union School District

RECITALS

A. The Union Participants and the District Participants desire to provide health and welfare benefits as defined in Sections 3543.2 and 53200 of the California Government Code for Employees of the Districts and their dependents on an insured or self-funded basis through a voluntary employee's benefits association qualified for tax exempt status under Section 501(c) (9) of the Internal Revenue Code.

B. The Union Participants and the District Participant are parties to collective bargaining agreements which require contributions by the District Participants to the Imperial County Schools Voluntary Employees Benefits Association for the purpose of providing health and welfare benefits for eligible employees, retired employees, and dependents.

C. The amount of contributions as aforesaid shall be as set forth in the Collective Bargaining Agreements and Participation Agreements.

D. The mission of the VEBA shall be to establish, through the cooperative efforts of school employers and school employee unions, a comprehensive health and benefits program for every eligible school employee in Imperial County at the most efficient cost achievable through unity of design, purchase and administration.

E. It is intended that all participants will become part of a single risk pool without experience rating for individual districts or groups.

1. DEFINITIONS

Unless the context or subject matter otherwise requires, the following definitions shall govern this Agreement:

1.1. The term *Advisory Committee* means the group of District and Union representatives selected from District management and exclusive representatives responsible for serving as a direct communication link between the Board of Directors and school employees and beneficiaries. Those districts not bargaining pursuant to California Government Code section 2540 et seq. shall also be entitled to representation on the Advisory Committee selected from District Management and Labor Organizations or representative groups of employees. The Advisory committee shall be composed of one management representative [or designee], and one representative from each employee unit participating in the VEBA.

1.2. The term *Beneficiary* means an eligible person designated by a Participant or by the terms of the P1an(s) who is or may become entitled to a benefit hereunder.

1.3. The term *Collective Bargaining Agreement(s)* means the agreement entered into by each District and an exclusive representative of a bargaining unit in the District, pursuant to California Government Code 3540 et seq., and any extensions, amendments, modifications, or renewals of the Collective Bargaining Agreement, or any successor agreement which provide for participation in this VEBA.

1.4. The term *Conflict of Interest* means any financial or legal impediment to the free exercise of judgment on the behalf of the VEBA. A director or an employee shall be free from compromising influences and loyalties. A director or an administrative employee of the VEBA shall fulfill his or her responsibilities solely on behalf of the mission of the VEBA. It is not intended that directors appointed by or paid salaries by school employers or unions who serve school employees shall be prohibited from serving by any conflict of interest policy.

1.5. The term *Custodial Agent* means the person or entity appointed for the purpose specified in this Agreement and meeting the Qualifications set forth in section 4.2.

1.6. The term *Dependent* means any person entitled to receive benefits through an

eligible employee or retiree by a collective bargaining agreement or participation agreement. The restrictions on dependent eligibility shall be determined by the carrier(s) and/or Board of Directors.

1.7. The term *Director* means a person designated as Director pursuant to section 5 of this Agreement and successors of such person from time to time in office. The terms *Board of Directors* and *Board* means the Board established by section 5 of this Agreement.

1.8. The term *District* means any Imperial County Public School District or Community College, and the Imperial County Office of Education. Collectively, Districts are referred to as *Management.*

1.9. The term *District Contributions* means payments made or required to be made to the VEBA in accordance with Collective Bargaining or Participation Agreements.

1.10. The term *Employee* means any person included in the bargaining unit, as defined by California Government Code sections 3540 et seq., within each District, and any other officer or employee of the District, including current or former Governing Board members, whether or not covered by a collective bargaining agreement, or employees of the VEBA, provided such employee is covered by a Participation Agreement. Persons retired from employment with any of the Districts, persons serving or having served on the Governing Board of any of the Districts and other persons as permitted under effective collective bargaining or participation agreements are also included in the term *Employee.*

1.11. *Interested Person* means an employee of an Imperial County School District or Community College, an elected school or community college board member, or a representative of an employee organization, and invited guests of the VEBA.

1.12. The term *Participant* means any person who is eligible to receive a benefit of any type from this VEBA or whose beneficiaries may be eligible to receive any such benefit.

1.13. The term *Participation Agreement* means a written agreement between the Directors and a District and a Union or a written agreement between the Directors and a District providing for participation in this VEBA and plan(s) for an employee and /or of the District.

1.14. The term *Plan(s)* or *Health* and *Welfare Plan(s)* means the benefits provided by this VEBA and selected pursuant to the terms of the Collective Bargaining or Participation Agreements.

1.15. The term *Unions* means those Chapters or Locals of the Union Participants that have entered into Collective Bargaining Agreements. The term shall also include any other Employee organization as defined by California Government Code Section 3540.1 which is partly to a Collective Bargaining Agreement and is approved by the Directors to participate in this VEBA. Collectively, *Unions* are referred to as Labor.

1.16. The term *VEBA* means the entity created and established by this Agreement and the assets of the VEBA.

1.17. The term *VEBA Administrator* means the party responsible for the administration of the VEBA.

1.18. The term *date of renewal* means the first day of October for each year for the duration of this VEBA Agreement.

1.19. The term *VEBA Agreement* means this Agreement establishing the Imperial County Schools Voluntary Employees Benefits Association together with any amendments and modification thereto.

1.20. The term Wellness Committee means members of the Board of Directors that are selected to review a district's proposed wellness plan and their request for ICSVEBA matching funds to implement said plans. The committee should have members representing Management and Labor. The committee will have no binding authority, but will recommend accepting or rejecting subject district's request.

2. ESTABLISHMENT AND PURPOSE OF THE VEBA

2.1. There is hereby created the Imperial County Schools Voluntary Employees Benefits Association which shall consist of all contributions made into the VEBA by the Districts and all interest, income, and other returns thereon of any kind whatsoever, together with all property and assets of the VEBA.

2.2. The VEBA, and the Plan(s) established pursuant to this Agreement, shall be used for the purpose of providing health and welfare benefits as defined in Sections 3543.2 and 51200 of the California Government Code and as provided in the Collective Bargaining Agreements, or in Participation Agreements; and the VEBA shall further provide for financing the operation and administration of the VEBA, in accordance with this Agreement.

2.3. The VEBA shall have its principal office at the Imperial County Office of Education, 1398 Sperber Road, El Centro, California 92243, in Imperial County, California.

2.4. Contributions to the VEBA shall not constitute or be deemed wages due to

the Employees with respect to whose work such payments are made and no Employee shall be entitled to receive any part of the contributions made or required to be made to the VEBA in lieu of the benefits provided by the Health and Welfare Plan(s).

2.5. Neither the Districts nor the Unions nor any Employee, nor any other person shall have any right, title or interest in the VEBA other than specifically provided in this VEBA Agreement and no part of the VEBA shall revert to the District or the Unions. Neither the VEBA, nor any contributions to the VEBA shall be in any manner liable for or subject to the debts, contracts, or liabilities of the Districts, the Unions, or any Employee. No part of the VEBA, nor any benefits payable in accordance with the Health and Welfare Plan(s) shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge by any person.

2.6. No officer, agent or employee of the District shall be under any liability to the VEBA or the Health and Welfare Plan(s), except to the extent that an individual may incur liability as a director as hereinafter provided. The liability of the District to the VEBA, or the Health and Welfare Plan(s), shall be limited to the payments required by this Agreement, the Collective Bargaining Agreement and Participation Agreements. Districts shall not be required to make any further payments or contributions to the cost of the operation of the VEBA or of the Health and Welfare Plan(s), except as may be hereafter provided in this Agreement, the Collective Bargaining Agreements or Participation Agreements.

2.7. Except as otherwise provided by this Agreement, the Collective Bargaining Agreements, or Participation Agreements neither the Districts nor the Unions nor any Employees shall be liable or responsible for any debts, liabilities, or obligations of the VEBA or the Directors.

3. PARTICIPATION AND WITHDRAWAL

3.1. Beneficiaries of this VEBA shall be limited to officers and employees, district governing board members, and retirees of Imperial County public school districts and community college districts and their dependents.

3.2. Only Imperial County public school districts and community college districts that satisfy the requirements of this Agreement may contribute to this VEBA. Any agreement reached is between the district and the VEBA. No group may participate without both the approval of the District and the VEBA Board of Directors.

3.3. A District or a group within a District must be accepted for participation by the Directors and must execute a Participation Agreement before it may contribute to the VEBA.

3.4. A District with employees not subject to the terms of a Collective Bargaining Agreement can participate in the VEBA provided that the Board of Directors approves their participation.

3.5. Each District participating in VEBA shall be bound by the terms of this agreement for an initial term of three (3) years. No District shall withdraw from VEBA during this initial three-year term

3.6. This Agreement shall be automatically renewed with each District for succeeding terms of two (2) years each unless, at least ninety (90) days prior to the date of renewal, a District provides written notice of its intent to withdraw from VEBA. A District's notice of its intent to withdraw from VEBA shall be personally delivered to VEBA's principal offices. This section 3.6. is the exclusive method of withdrawing from VEBA and any notice of intent to withdraw that does not comply with this section 3.6. shall not be effective.

3.7. A District notifying VEBA of its intent to withdraw from VEBA shall, in addition to any other payment that may be required by 4.3 or 4.4 or any other provision of this Agreement, pay to VEBA the sums equal to the following amounts:

3.7.1. For each of the three (3) months following withdrawal from VEBA multiply the in force (current) claim factors increased by 15% (to accommodate for the risk corridor). These rates times the enrolled headcount by tier in effect on the first of the month of the last month of coverage total the maximum run out liability for the terminating group.

3.7.2. Administrative costs (as set by the current Third Party Administrator) for each employee, spouse and dependent covered on the first day of the last month prior to withdrawal from VEBA.

3.7.3. If enrolled headcounts vary by more than 25%, the VEBA board retains the right to calculate the termination cost based on the average headcount for the last three months of the District's participation in the VEBA.

A final invoice will be generated by the administrator and delivered via U.S. mail to the District as soon as headcounts are available.

This amount is due in a lump sum as final payment and is considered past due if received later than 31 days after the date of termination. A late fee may be assessed at the discretion of the Board of Directors.

3.8 In addition to the other requirements of Section 3, Districts or Bargaining Groups joining after July 1 2009, shall be responsible for their pro rata share of any decrease in the VEBA reserves over the period in which they were participating. Pro rata share shall be determined by dividing such loss, at the time of the District's withdrawal, by the total number of employees covered by the VEBA and then multiplying said number by the average number of employees covered by the withdrawing District. This amount is due in a lump sum as final payment and is considered past due if received later than 31 days after the date of termination. A late fee may be assessed at the discretion of the Board of Directors.

3.8.1 The provision of Section 3.8 shall not apply if the District or Bargaining Group renews following the initial three year participation period.

4. CONTRIBUTIONS TO THE VEBA

4.1. In order to effectuate the purposes thereof, each District shall contribute to the VEBA in a manner directed by the Board of Directors, the amount required by the Collective Bargaining Agreements and any Participation Agreement. The rate of District contributions shall be governed at all times by the Collective Bargaining Agreement or Participation Agreements together with any amendments or modifications thereto.

4.2. Contributions to the VEBA shall be paid directly to such Custodial Agent as designated by the Board of Directors, qualified and doing business in California, and subject to the supervision of the Superintendent of Banks or the Controller of the Currency of the State of California, or to a bank designated by the Board of Directors, which is a member of a Federal Reserve Bank.

4.3. Each contribution to the VEBA shall be made promptly by the date specified in the Participation Agreement, and if such payment is not made by the specified date, it shall be considered delinquent. The parties recognize and acknowledge that the regular and prompt payment of District contributions to the VEBA is essential to the maintenance and effectiveness of the Health and Welfare Plan(s) and that it would be extremely difficult to fix the actual expense and damage to the VEBA and to the Health and Welfare Plan(s) which would result from the failure of any District to pay such contributions in full within the time specified. Therefore, the amount of damage to the VEBA or Plans) resulting from any such failure in any month shall be presumed to be the entire amount payable and interest at the rate of 2% higher than the most recent quarterly investment rate paid to school districts

in Imperial County, which amount shall become due and payable to the VEBA by the District as liquidated damages and not as a penalty, at the place where the contributions are payable upon the day immediately following the date on which the contribution becomes delinquent and shall be in addition to the amount of said delinquent contribution; provided, however, the Board of Directors may waive payment of any said liquidated damages in a particular case upon good cause satisfactory to the Board of Directors being established. (See 6.1.4.).

4.4. Interest shall be charged on delinquent District contributions at the interest rate prescribed in 4.3. above; i.e. 2% higher than the most recent quarterly investment rate paid to school districts in Imperial County. (See 6.1.4.).

4.5. Employee contributions may be accepted in accordance with the terms of the Plan(s) and Participation Agreements, and/or Collective Bargaining Agreements, subject to the approval of the Directors.

5. BOARD OF DIRECTORS

5.1. Commencing on October 1. 1997, the operation and administration of the VEBA Shall be the responsibility of a Board of Directors constituted as set forth herein:

5.1.1. Six (6) Labor Directors shall be appointed by the State Affiliate of the local unions participating in the VEBA.

5.1.2. There shall be three (3) Directors representing classified employees and three (3) Directors representing certificated employees.

5.1.3. One (1) Certificated Alternate Director and one (1) Classified Alternate Director shall be selected by the participating certificated and classified chapters.

5.2. Six (6) Management Directors and two (2) Alternates shall be appointed, each from a District that participates in the VEBA.

5.3. Alternate Directors shall be invited to participate in any meeting, but shall be entitled to vote only in the absence of one of the Directors.

5.4. Appointing authorities shall use their best efforts to appoint Directors who have experience or expertise in investment, health and welfare trusts, union/management relations, or health service delivery, and are free from any conflict of interest created by such appointment. Every effort will be made by both Labor and Management to diversify their selection of Directors and Alternates to insure the broadest possible representation by participating

districts.

5.5. The District(s) and Labor expressly designate the Directors as fiduciaries, who shall have exclusive authority and discretion acting as the Board of Directors as provided herein to control and manage the operation and administration of the VEBA and the Plan(s). Each of the initial Directors expressly accepts designation as a fiduciary and as a Director by the written acceptance and signature of this Agreement and assumes the duties, responsibilities and obligations of Director as created and established by this Agreement and under applicable law, Any Director named hereafter shall do likewise by signing the Agreement or a written acceptance thereof, in a form approved by and filed with the Board of Directors.

5.6. The Management Directors shall be designated in writing by the represented districts. The Labor Directors shall be designated in writing by the appointing Unions.

5.7. The Directors shall select one of their members to act as Chairperson of the Board of Directors and one to act as Co-Chairperson, to serve for a term of two (2) years or such other period as the Directors shall determine. When the Chairperson is selected from among the Labor Directors, the Co-Chairperson shall be selected from among, the Management Directors, and vice-versa. The Chairperson of the Board of Directors shall be rotated between Management and Labor Directors.

5.8. Each Director shall serve a term of three (3) years except in instances of death, incapacity, resignation, inability to serve, removal from office, or until a successor is designated as provided in this Agreement. Directors may be reappointed by the appointing authority.

5.9. A Director may resign at any time by serving written notice of such resignation, at least thirty (30) days prior to the date on which such resignation is to become effective, upon the Chairperson and Co-Chairperson of the Board of Directors.

5.10. Any Management Director may be removed from office at any time for any reason through an instrument in writing, signed by the represented district(s) and served on the Director concerned, the Chairperson, and the Co-Chairperson of the Board of Directors. Any Labor Director may be removed from office at any time for any reason by an instrument signed by the appointing union and served upon the Director concerned, the Chairperson and Co-Chairperson of the Board of Directors.

It is expected that Directors will attend at least 70% of the regularly scheduled meetings of the Board of Directors in any plan year. (October 1st - September 30th,) Any Director who does not attend at least 70% of the

regularly scheduled meetings of the Board of Directors during any plan year will be removed from office unless there are extenuating circumstances which the Board of Directors may consider upon request of the Director to be removed. Such requests must be submitted in writing to the Chairperson prior to the next regularly scheduled meeting from the date of proposed removal from office.

5.11. If any Management Director dies, resigns, or is removed from office, a successor Director shall be appointed forthwith by an instrument in writing, signed by the Districts and delivered to the Chairperson and Co-Chairperson of the Board of Directors. If any Labor Director dies, resigns, or is removed from office, a successor Director shall be appointed forthwith by an instrument in writing signed by Labor and delivered to the Chairperson and Co-Chairperson.

5.12. Any Director who resigns or is removed from office shall forthwith turn over to the Chairperson or the Co-Chairperson of the Board of Directors at the principal office of the VEBA any and all records, books, documents monies, and other properties which belong to the VEBA or which were received by such Director in his or her capacity as such Director.

5.13. No vacancy or vacancies in the offices of the Directors shall impair the power of the remaining Directors acting in the manner herein provided to administer this VEBA.

5.14. The Directors shall not be reimbursed for their services by the VEBA, but directors shall be reimbursed by the VEBA for all reasonable expenses properly and actually incurred in connection with the performance of their official duties as Directors, as authorized by the Board of Directors.

5.15. Directors and Alternates shall be provided paid release time during their regular working hours by their respective districts for performance of their duties during normal working hours.

6. POWER AND DUTIES OF THE BOARD OF DIRECTORS AND ADVISORY COMMITTEE

6.1. The Board of Directors

6.1.1. The Board of Directors shall have the power to administer the VEBA and to administer and maintain the Plan(s) in effect. A schedule of benefits and a statement of the basis on which health and welfare benefits are to be paid shall be described in writing. The Board of Directors shall have the authority to design alternative benefit plans and schedules of benefits and may at any time upon reasonable notice or upon ninety (90) days notice, amend or modify the existing Health

and Welfare Plan(s).

In addition, the Board of Directors shall amend or modify the existing Health and Welfare Plan(s) when the contributions to the VEBA and reserves of the VEBA are insufficient to maintain the Plan(s) selected by the parties at the time of negotiations. This is providing such action shall not be taken until the Districts and the Unions are provided at least forty-five (45) days advance notice of such changes. The Board of Directors shall not be permitted to accept contributions from any district under any Collective Bargaining Agreement or Participation Agreement which contains terms inconsistent with this Agreement.

6.1.2. The Board of Directors shall enter into an agreement with a Custodial agent for the purpose of receiving, holding, and disbursing the assets of the VEBA.

6.1.3. In furtherance of the administration of the VEBA and Plan(s) the Directors shall use the Authority of their office:

6.1.3.1. To enter into direct negotiations with local health care providers in order to obtain alternate rates or payment as allowed by Sections 1013, 10401 and 11512, of the California Insurance Code, if such negotiation by the Board of Directors is deemed legally permissible;

6.1.3.2. To provide benefits within the Plan(s) which encourage the concepts of prevention and wellness, as well as traditional health care for illness;

6.1.3.3. To entertain bids for the procurement of accounting, legal, investment, consulting, and administrative services and coordinate those processes with other similar organizations;

6.1.3.4. To entertain bids for the procurement of insurance policies, and at all times endeavor to provide the best benefit plans for the least cost to the VEBA;

6.1.3.5. To coordinate with other VEBA's or similar organizations to provide any of the benefits specified in the Plan(s);

6.1.3.6. To provide to the negotiating parties cost estimates concerning existing schedules of benefits or any alternative benefit specifications requested by the Union of District representatives.

6.1.4. The Board of Directors shall have power to demand and enforce the prompt payment of contributions to the VEBA, as required by this agreement, the Collective Bargaining Agreements or any other written agreement requiring contributions to the VEBA, delinquent payments, and liquidated damages as provided in Section 4.3., and interest as provided in 4.4. If a District defaults in the making of such contributions or payments and if it becomes necessary for the Board of Directors to consult legal counsel with respect thereto, or if the Board of Directors files any suit or claim with respect thereto, there shall be added to the obligations of the District for interest and liquidated damages as provided herein, reasonable attorneys' fees, court costs, and all other reasonable expenses incurred by the Board of Directors in connection with such suit or claim, provided the Board of Directors prevails in such litigation.

6.1.5. The Board of Directors shall have the power and authority to use and apply the VEBA for the following purposes:

6.1.5.1. To pay or provide for the payment of all reasonable and necessary expenses: (i) of collecting District contributions and payments and other monies and property to which they may be entitled, and (ii) of administering the affairs of this VEBA, including the employment of such administrative, legal, accounting, expert, and clerical assistance, the purchase or lease of such premises, materials, supplies and equipment, and performance of such other acts, as the Directors find necessary or appropriate in the performance of their duties.

6.1.5.2. To provide health and welfare benefits in such amounts and forms as in the discretion of the Directors shall be deemed most beneficial, advantageous, and desirable from the standpoint of District contributions and VEBA assets available for such purposes, consistent with Section 5.1. above.

6.1.5.3. To establish and accumulate such reserve funds as the Board of Directors in its sale discretion deems necessary and desirable for the proper execution of the VEBA.

6.1.5.4. To pay all other reasonable, proper, and necessary expenses not specified above, incurred by any Directors, including the cost of defense in litigation arising out of the Directorship of this VEBA, which is not a result of willful misconduct or bad faith, to the extent permitted by law.

6.1.5.5. To pay or provide for the payment of premiums on the contracts or policies or insurance or fees on service provider agreements, which contracts or policies of insurance shall be contracted for in the name of the VEBA.

6.1.5.6. To compromise, settle, or release claims or demands in favor of or against the VEBA on such terms and conditions as the Board of Directors may deem desirable: provided, however, that this clause shall not excuse any violation of this Agreement.

6.1.5.7. To adopt rules and regulations for the administration of the VEBA or the Plan(s) which are not inconsistent with the terms and intent of this Agreement and such Plan(s).

6.1.5.8. To make appropriate allocations of common administrative expenses and disbursements shared or to be shared by the VEBA and any other similar and such Plan(s).

6.1.6. The Board of Directors may exercise all rights and privileges granted to the policyholder by the provisions of each contract or policy of insurance which they may deem necessary or advisable.

6.1.7. The Board of Directors shall have the power and authority to invest and reinvest such funds as are not necessary for current expenditures or liquid reserves, as they may from time to time determine, in such investments as are legal investments under applicable law. The Board of Directors shall also have power and authority (in addition to, and not in limitation of common law and statutory authority) to invest in any such stocks, bonds, or own property real or personal, including improved or unimproved real estate and equity interests in real estate, where such as investment appears to the Board of Directors, in its discretion and consistent with its fiduciary obligations, to be in the best interest of the VEBA and the Employees, judged by the then prevailing business conditions and standards. The Board of Directors shall have the authority, in respect to any stocks, bonds, or other property, real or personal, held by them as Directors; to exercise all such rights, power, and privileges as might be lawfully exercised by any person owning similar stocks, bonds, or other property in their own right.

6.1.8. The Board of Directors is authorized, in its discretion by resolution, to allocate to a committee such duties and responsibilities to invest and reinvest such VEBA assets as it shall specify in such allocation.

6.1.9. The Board of Directors shall have the power and authority to appoint one or more investment managers who shall be responsible for the management, acquisition, disposition, investing, and reinvesting of such of the assets of the VEBA as the Board of Directors shall specify. Any such appointment may be terminated by the Board upon thirty (30) days written notice. The fees of such investment manager, and its expenses to the extent permitted by law, shall be paid out of the VEBA.

6.1.10. In connection with any allocation or delegation of investment functions under paragraphs 6.1.8. and 6.1.9. of this Section, the Board of Directors shall, from time to time, adopt appropriate investment policies or guidelines.

6.1.11. The Directors may, by resolution, bylaw, or by provisions of this Agreement allocate fiduciary responsibilities and various administrative duties to committees or subcommittees of the Board of Directors and the Directors may delegate such responsibilities and duties to other individuals as they may deem appropriate or necessary in their sole discretion.

6.1.12. The Board of Directors may employ or contract as it deems necessary, consistent with the purposes of the VEBA, including but not limited to the services of an individual, firm, or corporation, to be known as the VEBA Administrator who shall, under the direction of the Directors, or under the direction of any other appropriate committee of the directors, administer the office of offices of the VEBA and of the Directors, coordinate and administer the accounting, bookkeeping, and clerical services, provide for the coordination of actuarial services furnished by the consulting actuary, prepare (in cooperation where appropriate, with the consulting actuary and independent auditor) all reports and other documents to be prepared, filed, or disseminated by or on behalf of the VEBA in accordance with the law, assist in the collection of District contributions required to be paid to the VEBA, and perform such other duties and furnish such other services as may be assigned, delegated, or directed or as may be contracted by or on behalf of the Directors. The VEBA Administrator shall be the Custodian on behalf of the Directors of all documents and other records of the Directors and the VEBA.

6.1.13. The Directors and such other employees of the VEBA who handle the monies of the VEBA shall be bonded in such amounts as the Board of Directors deem reasonable, and such bonds shall be in compliance with any applicable state law. The cost of such bonds

shall be paid for by the VEBA. The Board of Directors shall, from time to time, review the amounts of such bonds and require such adjustments in their amounts as are appropriate.

6.1.14. The Directors may, in their discretion, obtain and maintain policies of insurance, to the extent permitted by law, to insure themselves, the VEBA as such, as well as employees or agents of the Directors and of the VEBA, while engaged in business and related activities for and on behalf of the VEBA; (1) with respect to liability as a result of errors or omissions of such Director or Directors, employees or agents respectively, and (2) with respect to injuries received or property damage suffered by them. The cost of the premiums for such policies of insurance shall be paid out of the VEBA. The cost of the premiums for Individual waiver of recourse insurance shall be paid for by each individual board member.

6.1.15. The books of account and records of the Board of Directors, including the books of account and records pertaining to the VEBA, shall be audited at least once a year by a qualified certified public accountant to be selected by the Board of Directors. The Board of Directors shall also make any other reports required by law. A statement of the results of the annual audit shall be available for inspection by interested persons, including any officer or employee of any District, at the principal office of the VEBA and at such other suitable places as the Board of Directors may designate from time to time. Copies of such statement shall be made available to the Unions, the Districts and each Director within thirty (30) days after the statement is prepared and presented to the Board of Directors.

6.1.16. The Board of Directors shall be entitled at any time to have a judicial settlement of its accounts and to seek judicial protection by any action or proceeding it determines necessary and, further, to obtain a judicial determination or declaratory judgment as to any question of construction of this Agreement or for instructions as to any questions relating to the discharge of its duties and obligations under or in connection with the administration of the VEBA as to the distribution of assets belonging to the VEBA. Any such determination, decision, or judgment shall be binding upon all parties to, or claiming under this Agreement.

6.1.17. The Board of Directors shall maintain or have maintained suitable and adequate records of and for the administration of the VEBA and Plan(s). The Board of Directors may require the District, any employee, or any other beneficiary under the Plan(s) to submit to it any information, data, report, or document reasonably relevant to and suitable for the purposes of such administration. The parties

agree that they will use their best efforts to secure compliance with any reasonable request of the Board of Directors for any such information, data, reports, or documents, including verification of accuracy of contributions.

6.1.18. The Directors shall exercise the powers and duties provided for in the Agreement in the interest of the participants and beneficiaries of the VEBA and for the exclusive purposes of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plan(s). The Directors shall exercise their power and duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

6.1.19. The Directors shall exercise all rights and privileges authorized herein to maximize the return without unreasonable risk on monies invested, to protect all property held hereunder, and to perform all acts deemed necessary to accomplish the general objective of obtaining and providing the best health and welfare benefits available for the money contributed to the VEBA.

6.1.20. The Board of Directors shall be made available periodic reports, not less often than annually, to the Unions and the Districts which shall include, but not be limited to, investments of VEBA assets, administration of the VEBA, experience factors for VEBA participants covered by this VEBA and other employee benefits plans or trusts with whom this VEBA has engaged in joint activities, and any reports required by law.

6.1.21. In addition to those rights and responsibilities otherwise herein set forth, the Board of Directors shall have the right to employ or contract for services necessary and appropriate to fulfill the mission of the VEBA.

6.1.22. The interim directors shall be responsible for setting forth a detailed policy on conflict of interest which requires disclosure of possible conflicts and sets out the circumstances under which conflicts of interest shall prohibit service or participation in the decision making of the VEBA.

6.2. The Advisory Committee

6.2.1. The Advisory Committee shall be composed of representatives from each participating district and each employee group.

6.2.2. The Advisory Committee shall meet at such times as determined by the Board of Directors.

6.2.3. It shall be the function of the Advisory Committee to receive the reports of the Board of Directors, to discuss matters related to VEBA policy, plan(s) design, cost effectiveness, wellness, communications, marketing and to transmit information to participating districts and beneficiaries.

6.2.4. Participating districts and exclusive representatives shall appoint representatives and report those selected to the VEBA Board of Directors.

6.3. The Technical Committee

6.3.1. The Technical Committee shall be composed of two (2) representatives from Labor and two (2) representatives from Management appointed by each respective employee group. The Technical Committee member shall be a member of the Board of Directors.

6.3.2. The Technical Committee members shall serve an initial two-year term and may be re-appointed at the discretion of the respective employee group to serve additional two-year term(s) with no limitation.

6.3.3. The Technical Committee shall meet as directed by the Board of Directors at a designated time prior to the regularly scheduled Board meetings. The agenda topics shall be determined by the Board of Directors.

6.3.4. It shall be the function of the Technical Committee to research and report to the Board of Directors with regard to issues specifically directed to the Technical Committee by the Board of Directors. The Technical Committee is not a decision-making body and shall not replace the meetings and the function of the Board of Directors.

6.4 The Wellness Committee

6.4.1 The Wellness Committee shall be comprised of no less than one (1) representative of Labor and (1) from Management. The Wellness Committee members shall be a member of the Board of Directors.

6.4.2 The Wellness Committee member shall serve an initial one (1) year

term and may be reappointed at the discretions of the representative member groups to serve additional one (1) year term with no limitation.

6.4.3 The Wellness Committee shall meet as directed by the Board of Directors at the designated time prior to the regularly scheduled Board Meeting.

6.4.4 It shall be the function of the Wellness Committee to review requests made by Districts for the consideration of ICSVEBA matching wellness funds. The Committee shall present their recommended actions at the next Board meeting. The Wellness Committee does not have binding authority.

7. PROCEDURE OF BOARD OF DIRECTORS

7.1. The Board of Directors shall determine the time and place for regular periodic meetings of the Board of Directors. Either the Chairperson or the Co-Chairperson, or any two (2) members of the Board of Directors may call a special meeting of the Board of Directors by giving written notice to all other Directors of the time and place of such meeting at least seven (7) calendar days before the date set for the meeting. Such notice of special meeting shall be sufficient if sent by regular mail, email, or by fax transmitted to the Directors at the phone numbers and addresses of such Directors as shown in the records of the Board of Directors. Any meeting at which either all Directors are present, or have waived notice in writing, shall be a valid meeting without the giving of any notice.

7.2. The Board of Directors shall appoint a Secretary and additional assistants, if necessary, who shall keep minutes or records of all proceedings and acts of the Board of Directors.

7.3. A quorum shall consist of at least four (4) Management Directors and four (4) Labor Directors.

7.4. The Board of Directors shall not take any action or make any decisions on any matter coming before it or presented to it for consideration or exercise any power or right given or reserved to it or conferred upon it by this Agreement except upon the vote of each group of the Directors at a meeting of the Board of Directors duly and regularly called or except by the signed concurrence of all Directors without a meeting as provided in Section 7.7.

7.5. The Management Directors and the Labor Directors shall act jointly in the administration of this VEBA with the intent that there be equal representation in the administration of the VEBA. Normal decision making shall use a

consensus model to avoid all voting on issues when possible. When voting is required because consensus cannot be achieved, all actions of the Board of Directors shall be decided by a unit vote, the Management Directors being entitled to one (1) vote, and the Labor Directors being entitled to one (1) vote, respectively.

The vote of the Labor Directors shall be determined by a majority of the Labor Directors present at any meeting, and the vote of the Management Directors shall be determined by a majority of the Management Directors present at any meeting. If the vote among either Labor or Management Directors ends in a tie vote, such tie shall constitute a vote in opposition to the question for purposes of the subsequent unit vote.

7.6. With the exception of closed sessions, meetings of the Board of Directors shall be open to interested persons and be held from time to time at a place designated by the Board of Directors. Closed sessions may be called to deal with areas such as contracts, personnel claims disputes and litigation.

7.7. Upon any matter which may properly come before the Board of Directors, the Board of Directors may act without a meeting provided such action has the written, including email, concurrence of all the Directors.

8. GENERAL PROVISIONS APPLICABLE TO DIRECTORS

8.1. Every instrument executed by the Board of Directors or at its direction shall conclusively establish the following acts in favor of every person who relies on it, namely that: (1) at the time of the delivery of the instrument, this Agreement was in full force and in effect; (2) the instrument was executed in accordance with the terms and conditions of this Agreement; and (3) The Board of Directors was duly authorized to execute the instrument or direct its execution.

8.2. The duties, responsibilities, liabilities, and disabilities of a Director under the Agreement shall be determined solely by the express provisions of this Agreement and applicable law and no further duties, responsibilities, liabilities, or disabilities shall be implied or imposed.

8.3. The Directors, to the extent permitted by applicable law, shall incur no liability in acting upon any instrument, application, notice, request, signed letter, telegraph, fax, email or other paper or document believed by them to be signed by the proper person. Any Director, to the effect permitted by applicable law, may rely upon any instrument in writing purporting to have been signed by a majority of the Directors as conclusive evidence of the fact that a majority of the Directors have taken the action stated to have been taken in such instrument.

8.4. Neither the Districts nor the Unions shall be liable or responsible for the validity of this Agreement or Health and Welfare Plan(s).

8.5. Neither the Districts nor the Unions shall be liable in any respect for any of the obligations, acts or, omissions of the Directors, or any of them, because such Directors are in any way associated with any of the Districts or the Unions.

8.6. The name of the VEBA may be used to designate the Directors collectively, and all VEBA documents shall be signed by at least one (1) Management Director and one (1) Labor Director, or by such persons as the Board of Directors designates.

8.7. In the event any question or dispute shall arise as to the proper persons to whom any payments shall be made under this Agreement or the Plan(s), the Board of Directors may withhold such payment until there shall have been made an adjudication on such question or dispute which, in the sole judgment of the Board of Directors, is satisfactory to it or until the Board of Directors shall have been fully protected against loss by means of such indemnification agreement or bond as the Board of Directors, in its sole judgment, determines to be adequate.

9. DISPUTE RESOLUTION

9.1. In the event of a deadlock of the Management Directors and the Labor Directors on any matter within their power, the dispute, including arbitrability of the dispute, may be referred to the dispute resolution process as hereinafter provided.

9.2. A deadlock of the Management Directors and the Labor Directors shall not be deemed to occur unless and until the matter has been discussed and a tie vote exists during at least two (2) meetings of the Directors.

9.3. A deadlock of the Directors may occur only upon a tie on the question of the adoption of a motion or resolution. Should one occur, the Board of Directors shall advise the VEBA Administrator. Within five business days of the notice of a tie vote, the VEBA Administrator, the Chair and the Co-Chair shall submit a plan for resolving the matter to the VEBA Directors. The Directors shall meet to review the plan within five business days of receipt.

9.4. If, within twenty-four hours, the Directors are not able to reach agreement on the matter in dispute, a three member fact-finding panel shall be created to study the situation and recommend resolution. The members of the panel shall include:

9.4.1. A representative from Labor.

9.4.2. A representative from Management.
9.4.3. A neutral third party.

9.5. Within five days of their appointment, the Labor and Management representatives shall meet and attempt to agree upon a neutral third party.

9.6. If no agreement on the appointment of a neutral third party is reached within the five day period or within such further time as the Directors may allow for such purposes by mutual agreement, a list of arbitrators shall be requested from the American Arbitration Association and submitted to the Management Directors and the Labor Directors. From the panel submitted, the Management Directors and the Labor Directors shall each alternately strike one name until only one name remains. The person whose name remains shall be the neutral third party.

9.7. Any matter in dispute which is referred to this fact-finding process shall be in writing. If the directors cannot agree upon a written submission statement, the Labor Directors and the Management Director shall each submit their respective statement of the issue or issues in dispute.

9.8. In making the decision, the fact-finding panel shall be bound by the provisions of this Agreement, the Plan(s), the Collective Bargaining Agreements and any Participation Agreements and shall have no authority to alter or amend any of the terms thereof; provided, however, that the Panel shall have the authority to decide any dispute involving an amendment or modification of the plan. The decision of the Panel shall be rendered in writing. The Panel shall not have jurisdiction to make an award which establishes or fixes a rate of contribution to the VEBA or to order a merger with any other fund established for similar purposes as this VEBA.

9.9. No matter in connection with the interpretation or enforcement of the Collective Bargaining Agreements shall be subject to arbitration under this section. No matter which is subject to arbitration under this section shall be subject to the grievance procedure or any other arbitration procedure provided in a Collective Bargaining Agreement, nor shall an arbitrator have the jurisdiction to order the VEBA to take or not take any action.

9.10. The recommendation of the fact-finding panel shall be advisory to the Directors for ten days after receipt by the Directors. During this ten day period, the Directors will continue efforts to reach agreement.

9.11. If no agreement is reached within ten days, the recommendation of the majority of the fact-finding panel shall be implemented, and shall be final and binding upon the Directors, the parties, the employers and other participants and beneficiaries of this agreement and the plan. If there is not a majority report, the neutral third party's recommendation shall be implemented.

9.12. The fees and expenses of the fact-finding panel, including cost of any hearing room and the original reporter's transcript, shall be paid out of the VEBA. The reasonable costs and expenses incurred in connection with any such arbitration and preparation thereof by the Management Directors, subject to a maximum of Ten Thousand Dollars ($10,000.00), reviewed annually, and the Labor Directors subject to a like maximum, shall be reimbursed out of the VEBA. However, no such reimbursement shall be made to Directors who are affirmatively found by the fact-finding panel to have acted in bad faith either in causing the fact-finding or in the fact-finding proceedings.

9.13. In the event the Directors are unable to agree on a neutral third party within a reasonable time, either the Management Directors or the Labor Directors may petition the appropriate Superior Court of the State of California for appointment of an arbitrator as provided in California Code of Civil Procedure, Section 1281.21 et seq.

10. GENERAL PROVISIONS

10.1. The rights and duties of all parties, including the Districts, the Unions, the employees, and the Directors, shall be governed by the provision of this Agreement and the Plan(s); provided, however, that the amount of District contributions shall be as provided in the Collective Bargaining Agreements and any Participation Agreement. In the event of any conflict between this Agreement, Collective Bargaining Agreement, and any Participation Agreement, the terms of this Agreement shall prevail.

10.2. No Employee or other Participant or Beneficiary shall have any right or claim to benefits under the plan or plan, except as specified in the policy or policies or contract or contracts, procured or entered into pursuant to Section 6.1.5.5, or under the Plan(s) of benefits adopted under a self-insured program. The Directors shall establish and maintain a reasonable claims procedure, except that to the extent to which benefits are provided or administered by an insurance company, or other similar organization, which is subject to regulation under the insurance laws of one or more states, any dispute as to eligibility, type, amount, or duration of benefits shall be resolved by the appropriate insurance carrier or other organization under and pursuant to the policy or contract, and the Employee or other Participant or Beneficiary shall have no right or claim with respect thereto against the VEBA or any of the Directors. Neither the Districts, the Unions, nor any of the Directors shall be liable for the failure or omission for any reason to pay any benefits under the Plan(s).

10.3. Unless otherwise specified, any notice required to be given under the terms of this Agreement shall be deemed to have been duly served if delivered personally to the person to be notified in writing, or if mailed in a sealed envelope, postage prepaid, to such persona at the last known address as shown in the records of the VEBA, or if sent by telephone facsimile to such person at said last known address.

10.4. All questions pertaining to this Agreement, the VEBA, or the Plan(s) and their validity, administration, and construction shall be determined in accordance with the laws of the State of California, and any pertinent laws of the United States.

10.5. If any provision of this Agreement, the Plan(s), the rules and regulation made pursuant thereto, or any step in the Administration of the VEBA or the Plan(s) is held to be illegal or invalid for any reasons, such illegality or invalidity shall not affect the remaining portions of this Agreement, the Plan(s), the mode of administration, or the rules and regulations, unless such illegality or invalidity prevents, or in substantial degree unfavorably affects accomplishments of the objectives and purpose of this Agreement or the Plan(s). In the event of any such occurrence, the Board of Directors will immediately meet and attempt to remedy any such defect.

10.6. Except to the extent necessary for the proper administration of the VEBA or the Plan(s), all medical records pertaining to individuals shall be confidential and shall not be made public or used for any other purposes than the information of and action by Directors. Nothing in this section shall prohibit the preparation and publication of statistical data and summary reports with respect to the operations of the VEBA and the Plan(s).

10.7. This Agreement may be executed in a number of counterparts, each of which shall have the force and effect of an original and no more than one counterpart need be signed by any party thereto; provided, however, that each of said counterparts shall be filed in the principal office of the VEBA.

11. AMENDMENT, MERGER AND TERMINATION

11.1. The provisions of this Agreement may be amended or modified at any time and from time to time by the Board of Directors. Such amendment shall be accompanied by an instrument in writing executed by the Management Directors and the Union Directors, replied in writing to participating districts and reported to the Advisory committee at the next regular meeting.

11.2. In the event that one of the Unions or other exclusive representative whose members become participants in the VEBA, or a District or any other District which becomes obligated to contribute to the VEBA on behalf of any of its employees, shall for any reason cease its participation or whose obligation to contribute to the VEBA ceases, this Agreement and the VEBA created hereunder shall continue for the benefits of all remaining participants, and any remaining employee representatives participating in any Districts obligated to contribute to the VEBA shall continue to maintain the VEBA. Any employee representatives who cease their participation, or Districts whose obligations to contribute to the VEBA cease, shall forfeit any and all rights and interest in the VEBA or any of its assets, and shall not be entitled to and share of the reserves maintains by the VEBA upon their withdrawal from participation or upon cessation of their obligation to contribute.

11.3. This VEBA may be merged with any other fund established for similar purposes as this VEBA, under terms and conditions mutually agreeable to the Board of Directors of the respective funds.

11.4. The provisions of the Agreement shall continue in effect unless this Agreement is terminated by an instrument in writing executed by the Districts and the Unions.

11.5. Upon the termination of the VEBA herein provided, any and all monies remaining in the VEBA after the payment of all expenses, shall be used for the continuance of the one or more benefits of the type provided by the plan(s) until such monies have been exhausted, or as otherwise provided in the termination agreement in 11.4. above.

This Agreement and declaration, as amended, is EXECUTED as of June 29, 2009.

BOARD OF DIRECTORS
IMPERIAL COUNTY SCHOOLS VOLUNTARY EMPLOYEE BENEFITS ASSOCIATION

By: _____
Labor

By: _____
Management

By: _____
Labor

By: _____
Management

By: _____
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