



CALIFORNIA

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JOINT POWERS AGREEMENT

ADOPTED JANUARY 29, 1997

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JOINT POWERS AGREEMENT

CREATING THE CALIFORNIA

JOINT POWERS INSURANCE AUTHORITY

THIS AGREEMENT is made and entered into by and among the public entities organized and existing under the Constitution or laws of the State of California, hereinafter collectively referred to as "Members" and individually as "Member" which are parties signatory to this Agreement. Said Members are sometimes referred to herein as "parties."

RECITALS:

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

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus line broker, or any combination of these; and

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

WHEREAS, each of the parties to this Agreement desires to join together with the other parties for the purpose of pooling their self-insured losses and jointly purchasing excess insurance and administrative services in connection with a joint protection program for said parties; and

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

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

ARTICLE 1
DEFINITIONS

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

- (a) "Authority" shall mean the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY created by this Agreement.
- (b) "Board of Directors" or "Board" shall mean the governing body of the Authority.
- (c) "City Managers Committee" shall mean the committee of the Authority composed of the City Managers, City Administrators, or Administrative Officers of Members.
- (d) "Claims" shall mean demands made against the Authority arising out of occurrences, which are within the Authority's joint protection program as developed by the Executive Committee.
- (e) "Excess Insurance" shall mean that insurance purchased on behalf of the Authority to protect the funds of the Authority against catastrophes or an unusual frequency of losses during a single year.
- (f) "Executive Committee" shall mean the Executive Committee of the Board of Directors of the Authority.
- (g) "Secretary" shall mean the person selected by the Executive Committee from among its members to serve as Secretary of the Authority.
- (h) "Finance Officers Committee" shall mean the committee of the Authority composed of the Finance Officers of the Members.
- (i) "Fiscal Year" shall mean that period of twelve months which is established as the fiscal year of the Authority.
- (j) "Insurance" shall mean and include self-insurance through a funded program and/or any commercial insurance contract.
- (k) "Executive Director" shall mean that employee of the Authority who is appointed by the Executive Committee subject to the approval of the Board of Directors, and responsible for the management and administration of the joint protection program of the Authority.

ARTICLE 2
PURPOSES

This agreement is entered into by the Members pursuant to the provisions of California Government Code Sections 990, 990.4, 990.8, and 6500 et seq. in order to provide more comprehensive and economical insurance coverage, to reduce the amount and frequency of their losses, and to decrease the cost incurred in the handling and litigation of claims. This purpose shall be accomplished through the exercise of the powers of the Members jointly in the creation of a separate entity, the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (the Authority), to administer a joint protection program wherein Members will pool their losses and claims, jointly purchase excess insurance and administrative and other services, including claims adjusting, data processing, risk management consulting, loss prevention, legal and related services.

It is also the purpose of this Agreement to provide, to the extent permitted by law, for the inclusion at a subsequent date of such additional public entities organized and existing under the Constitution or laws of the State of California as may desire to become parties to this Agreement and members of the Authority, subject to approval by the Board of Directors.

ARTICLE 3
PARTIES TO AGREEMENT

Each party to this Agreement certifies that it intends to and does contract with all other parties who are signatories of this Agreement and, in addition, with such other parties as may later be added as parties to and signatories of this Agreement pursuant to Article 21. Each party to this Agreement also certifies that the deletion of any party from this Agreement, pursuant to Articles 22 and 23 shall not affect this Agreement nor such party's intent to contract as described above with the other parties to the Agreement then remaining.

ARTICLE 4
TERM OF AGREEMENT

This Agreement became effective on June 29, 1977 and shall continue until and unless terminated as hereinafter provided.

ARTICLE 5
CREATION OF AUTHORITY

Pursuant to Section 6500 et seq. of the California Government Code, there is hereby created a public entity separate and apart from the parties hereto, to be known as the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY. Pursuant to Government Code Section 6508.1, the debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of any party to this Agreement.

ARTICLE 6
POWERS OF AUTHORITY

(a) The Authority shall have the powers common to its Members and is hereby authorized to do all acts necessary for the exercise of said common powers, including, but not limited to, any or all of the following:

1. To make and enter into contracts;
2. To incur debts, liabilities or obligations;
3. To acquire, hold or dispose of property, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
4. To sue and be sued in its own name; and
5. To exercise all powers necessary and proper to carry out the terms and provisions of this Agreement, or otherwise authorized by law.

(b) Said powers shall be exercised pursuant to the terms hereof and in the manner provided by law and are subject to the restrictions upon the manner of exercising the powers of the City of Lakewood.

ARTICLE 7

BOARD OF DIRECTORS

(a) The Authority shall be governed by the Board of Directors which is hereby established and which shall be composed of one representative from each Member, who shall be selected from the legislative body of that Member.

(b) Each legislative body, in addition to appointing its member of the Board, shall appoint at least one alternate who shall be an officer or employee of the Member. The alternate shall have the authority to attend, participate in and vote at any meeting of the Board when the regular member for whom he or she is an alternate is absent from said meeting.

(c) Each member of the Board shall have one vote.

ARTICLE 8

POWERS OF THE BOARD OF DIRECTORS

The Board of Directors of the Authority shall have the following powers and functions:

(a) The Board shall elect from its members pursuant to Article 10 of this Agreement an Executive Committee to which it may give authority to make and implement any decisions, including those involving the administration of the Authority, except those decisions that would require an amendment of this Agreement, under Article 28 herein.

(b) The Board may review all acts of the Executive Committee, including development of the memorandum of coverage, and shall have the power to modify and/or override any decision or action of the Executive Committee upon a majority vote of a quorum of the Board of Directors.

(c) The Board shall review, modify if necessary, and approve the annual operating budget of the Authority, prepared by the Executive Committee pursuant to Article 11 (d).

(d) The Board shall receive and review periodic accountings of all funds under Articles 17 and 18 of this Agreement.

(e) The Board shall have the power to conduct on behalf of the Authority all business of the Authority, including that assigned to the Executive Committee, which the Authority may conduct under the provisions hereof and pursuant to law.

(f) The Board shall have such other powers and functions as are provided for in this Agreement.

ARTICLE 9

MEETINGS OF THE BOARD OF DIRECTORS

(a) Meetings. The Board shall provide for its regular, adjourned regular and special meetings; provided, however, that it shall hold at least one regular meeting annually at a time and place determined by the Executive Committee.

(b) Minutes. The Secretary of the Authority shall cause minutes of regular, adjourned regular and special meetings to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Board and to the Member.

(c) Quorum. A majority of the members of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. A vote of the majority of those members present at a meeting shall be sufficient to constitute action by the Board.

(d) Compliance with the Brown Act. All meetings of the Board, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code Section 54950 et seq.

ARTICLE 10

EXECUTIVE COMMITTEE

There shall be an Executive Committee of the Board of Directors which shall consist of nine (9) members, exclusive of any current Past President Ex Officio Executive Committee Member. Two of the members of the Executive Committee shall be the President and Vice President of the Board of Directors. The other members of the Executive Committee shall be

elected by the Board of Directors at the Annual Meeting for the terms provided in the Bylaws. The President of the Authority, or the Vice President in his or her absence, shall serve as the Chairperson of the Executive Committee.

ARTICLE 11
POWERS OF THE EXECUTIVE COMMITTEE

The Executive Committee of the Board of Directors shall have the following powers:

- (a) The Executive Committee shall determine and select a joint protection program for the Authority.
- (b) The Executive Committee shall determine and select all necessary insurance, including excess insurance, necessary to carry out the protection program of Authority.
- (c) The Executive Committee shall have authority to contract for or develop various services for the Authority, including, but not limited to, claims adjusting, loss control and risk management consulting services.
- (d) The Executive Committee shall cause to be prepared the operating budget of the Authority for each fiscal year, subject to review, modification and approval by the Board, as provided for in Article 8(c).
- (e) The Executive Committee shall receive and act upon reports of the City Managers Committee, Finance Officers Committee, and Executive Director.
- (f) The Executive Committee shall appoint the Treasurer and Executive Director of the Authority.
- (g) The Executive Committee shall have the power to hire such persons as the Executive Committee deems necessary for the administration of the Authority.
- (h) The Executive Committee shall have the general supervisory and policy control over the day-to-day decisions and administrative activities of the Executive Director of the Authority.
- (i) The Executive Committee shall have such other powers and functions as are provided for in this Agreement.

ARTICLE 12

MEETINGS OF THE EXECUTIVE COMMITTEE

The meetings of the Executive Committee shall be held and conducted in the same manner as the meetings of the Board of Directors, provided for in Article 9 of this Agreement. In addition, the Committee shall make periodic reports to the Board of Directors, advising the Board of its decisions and activities concerning the implementation of the joint liability program of the Authority.

ARTICLE 13

OFFICERS OF THE AUTHORITY

(a) President and Vice President. The Board shall elect a President and Vice President of the Authority, each to hold office for a two year term, except as hereinafter provided, and until a successor is elected. The election of the President and Vice President shall be on alternate years. In the event the President or Vice President so elected ceases to be a member of the Board, the resulting vacancy in the office of President or Vice President shall be filled at the next regular meeting of the Board held after such vacancy occurs. In the absence or inability of the President to act, the Vice President shall act as President. The immediate Past President shall serve as an ex officio member of the Executive Committee for a term of two years, and as long as he or she remains a member of the Board of Directors.

(b) Executive Director. The Executive Director shall have the general administrative responsibility for the activities of the joint protection program and shall appoint all necessary employees thereof.

(c) Secretary. The Secretary shall be responsible for all minutes, notices and records of the Authority and shall perform such other duties as may be assigned by the Executive Committee.

(d) Treasurer. The duties of the Treasurer are set forth in Articles 17 and 18 of this Agreement.

(e) Attorney. The Executive Committee shall select an attorney for the Authority. The attorney shall serve at the pleasure of the Executive Committee.

(f) The Executive Committee shall have the power to appoint such other officers as may be necessary in order to carry out the purposes of this Agreement.

ARTICLE 14
COMMITTEE OF CITY MANAGERS
AND
COMMITTEE OF FINANCE OFFICERS

(a) There shall be established a Committee of City Managers composed of the City Managers, City Administrators and Administrative Officers of the Members of the Authority and a Committee of Finance Officers composed of the Finance Officers of the Members of the Authority. Such Committees shall meet from time to time as deemed necessary by them, and shall make recommendations to the Executive Committee based upon their expertise.

(b) Each of these Committees may appoint from its members one person to serve in an Ex Officio capacity on the Executive Committee.

(c) The meetings of these Committees shall be held and conducted in the same manner as the meetings of the Board of Directors, provided for in Article 9 of this Agreement.

ARTICLE 15
INSURANCE COVERAGE

(a) The insurance coverage provided for Members through the Authority shall include protection for Personal Injury, Errors and Omissions, Contractual and Comprehensive Liability, and such other areas of coverage as the Executive Committee may determine.

(b) The Authority shall maintain an insurance limit for Members determined by the Executive Committee to be adequate. The Executive Committee may arrange for a group policy to be issued for Members interested in obtaining additional coverage above this limit, at an additional cost to those participating Members.

(c) The Executive Committee shall arrange for the purchase of insurance necessary to protect the funds of the Authority against catastrophes. The Executive Committee shall have the

authority to discontinue purchase of this excess insurance, if at a future time it is no longer needed to protect the Authority's funds.

ARTICLE 16

DEVELOPMENT OF THE JOINT PROTECTION AND INSURANCE PROGRAM

(a) The joint protection program provided by the Authority shall extend to agencies or authorities existing within Members created pursuant to Health & Safety Code Sections 33000 et seq. and Sections 34200 et seq., agencies within Members who are Cities the governing board of which is the City Council or is appointed by the City Council of the City, and such other agencies of Member Cities or entities created entirely by Member Cities, as the Board of Directors may determine.

(b) The initial deposit for each Member shall be determined by the Executive Committee.

(c) The cost allocation plan and formula adopted by the Executive Committee shall provide for an adjustment in the Members' deposits at the end of each year of operation in order to produce a deposit for each year for each Member that is equal to the sum of the following three items:

1. That amount of losses borne individually by the Member, each of which losses is less than an amount determined by the Executive Committee; and
2. The Member's share of pooled losses and other expenses, as determined by the Executive Committee; and
3. The Member's contribution to a catastrophe fund and reserves for incurred-but-not-reported losses.

The Executive Committee may make such deposit adjustments retrospective to the prior year and each Member shall pay any additional deposit required by such retrospective adjustment.

(d) The Executive Committee shall develop criteria for determining each Member's annual share of pooled losses and expenses and contribution to a catastrophe fund which may include the Member's payroll as compared to the total payroll of all Members, the Member's

individual loss experience, and such other criteria as the Executive Committee may determine to be relevant.

(e) The annual readjustment of the amount of deposit shall be made and notices for readjusted deposit amounts and the next year's deposits shall be distributed at least sixty (60) days prior to the close of each fiscal year. This deposit amount, together with any readjusted amount due under paragraph (d) above, shall be due and payable within thirty days of receipt of such notices.

(f) Inasmuch as some Members may experience an unusual frequency of losses during a single fiscal year, which could increase their final deposit substantially above the prepaid deposit for that year and cause budgetary problems, the Executive Committee may provide for payment of a portion of such additional deposit to be made over a period of time, not to exceed five years, plus reasonable interest.

(g) An individual Member's annual deposit including any readjusted amount for that year shall not in any event exceed five times its average annual deposit, including readjusted amount, for the last preceding three years.

(h) The Executive Committee may expand the Authority's joint protection and insurance program to make available to Members protection in addition to that which is provided for in this Agreement as well as employee benefit insurance plans.

ARTICLE 17

ACCOUNTS AND RECORDS

(a) Annual Budget. The Authority shall adopt an annual operating budget, pursuant to Article 8(c) of this Agreement.

(b) Funds and Accounts. The Treasurer of the Authority shall establish and maintain such funds and accounts as may be required by good accounting practice or by the Executive Committee. Books and records of the Authority in the hands of the Treasurer shall be open to any inspection at all reasonable times by representatives of a Member.

(c) Treasurer's Report. The Treasurer, within One Hundred and Twenty (120) 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 Audit. The Executive Committee shall provide for a certified, annual audit of the accounts and records of the Authority which audit shall conform to generally accepted auditing standards. When such an audit of the accounts and records is made by a Certified Public Accountant, a report thereof shall be filed as a public record with each of the Members. Such report shall be filed within six months of the end of the year under examination.

(e) Costs. Any costs of the audit, including contracts with, or employment of, Certified Public Accountants, in making an audit pursuant to this Article, shall be borne by the Authority and shall be considered included within the term "administrative costs."

ARTICLE 18

RESPONSIBILITY FOR MONIES

(a) The Treasurer of the Authority shall have the custody of and disburse the Authority's funds. He or she shall have the authority to delegate the signatory function of Treasurer to such persons as are authorized by the Executive Committee.

(b) A bond in the amount determined by the Executive Committee to be adequate shall be required of all officers and personnel authorized to disburse funds of the Authority, such bond to be paid for by the Authority.

(c) The Treasurer of the Authority shall assume the duties described in California Government Code Section 6505.5, including:

1. Receive and receipt for all money of the Authority and place it in the treasury of the Treasurer to the credit of the Authority;
2. Be responsible upon his or her official bond for the safekeeping and disbursement of all of the Authority's money so held by him or her;
3. Pay, when due, out of money of the Authority so held by him or her, all sums payable on outstanding bonds and coupons of the Authority;
4. Pay any other sums due from the Authority only upon warrants signed by the public officer performing the functions of Controller; and
5. Verify and report in writing on the first day of July, October, January and April of each year to the Authority and to Members the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

ARTICLE 19

RESPONSIBILITIES OF THE AUTHORITY

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

- (a) Provide insurance coverage as necessary, including but not limited to a self-insurance fund and commercial insurance, as well as excess coverage and umbrella insurance, by negotiation or bid, and purchase, as necessary.
- (b) Assist Members in obtaining insurance coverage for risks not included within the basic coverage of the Authority, such as bus and dial-a-ride services and aviation exposure.
- (c) Assist each Member's assigned risk manager with the implementation of that function within the Member.
- (d) Provide loss prevention and safety and consulting services to Members as required.
- (e) Provide claims adjusting and subrogation services for claims covered by the Authority's joint protection program.
- (f) Provide loss analysis control by the use of statistical analysis, data processing, and record and file keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles.
- (g) Provide for Members when requested a review of their contracts to determine sufficiency of indemnity and insurance provisions.
- (h) Conduct risk management audits to review the participation of each Member in the program.
- (i) The Authority shall have such other responsibilities as deemed necessary by the Board of Directors or Executive Committee in order to carry out the purposes of this Agreement.

ARTICLE 20

RESPONSIBILITIES OF MEMBERS

Members shall have the following responsibilities:

- (a) The legislative body of each Member shall appoint a representative and at least one alternate representative to the Board of Directors, pursuant to Article 7 of this Agreement.

(b) Each Member shall appoint an employee to be responsible for the risk management function of that Member, and to serve as a liaison between the Member and the Authority as to risk management.

(c) Each Member shall maintain an active safety officer and/or committee, and shall consider all recommendations of the Authority concerning unsafe practices.

(d) Each Member shall maintain its own set of records, as a loss log, in all categories of loss to ensure accuracy of the Authority's loss reporting system.

(e) Each Member shall pay its deposit and any readjusted amount promptly to the Authority when due. After withdrawal or termination, each Member shall pay promptly to the Authority its share of any additional deposit, when and if required of it by the Executive Committee under Article 24 or 25 of this Agreement.

(f) Each Member shall provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the joint protection program under this Agreement.

(g) Each Member shall in any and all ways cooperate with and assist the Authority, and any insurer of the joint protection program, in all matters relating to this Agreement and covered losses, and will comply with all bylaws, rules and regulations adopted by the Board of Directors and Executive Committee.

ARTICLE 21

NEW MEMBERS

The Authority shall allow entry into the program of new members approved by the Board. Board approval for new Members shall be according to the following procedure: (1) investigation of each potential member by the Authority staff and preparation of a report; (2) review of the report by the Executive Committee and, if approved, sent to each Member for review; (3) return by each Member of the form indicating approval or disapproval to the Executive Director; and (4) upon receipt by the Executive Director of approvals by two-thirds of the Members, or, in the alternative, by a two-thirds vote of a quorum of the Board of Directors at a meeting of the Board, the new Member shall be deemed approved by the Board.

Members entering under this Article will be required to pay their share of organization expenses as determined by the Board, including those necessary to analyze their loss data and determine their deposits.

ARTICLE 22
WITHDRAWAL

(a) A Member which enters the joint protection program may not withdraw as a party to this Agreement and as a member of the Authority for a three-year period commencing on the effective date of its participation in the joint protection program.

(b) After the initial three-year noncancellable commitment to the program, a Member may withdraw only at the end of any fiscal year, provided it has given the Authority a twelve-month written notice of its intent to withdraw from this Agreement and the joint protection program.

ARTICLE 23
CANCELLATION

The Authority shall have the right to cancel any Member's participation in the joint protection program upon a three-fourths vote of the entire Board of Directors. Any Member so canceled shall on the effective date of the cancellation be treated the same as if the Member had voluntarily withdrawn from this program.

ARTICLE 24
EFFECT OF WITHDRAWAL

(a) The withdrawal of any Member from this Agreement shall not terminate the same and no Member by withdrawing shall be entitled to payment or return of any deposits, consideration or property paid, or donated by the Member to the Authority, or to any distribution of assets.

(b) The withdrawal of any Member after the effective date of the joint protection program shall not terminate its responsibility to contribute its share of deposits or funds to any fund or insurance program created by the Authority until all claims, or other unpaid liabilities, covering the period the Member was signatory hereto have been finally resolved and a determination of the final amount of payments due from the Member or credits to the Member for the period of its membership has been made by the Executive Committee. In connection with this determination, the Executive Committee may exercise similar powers to those provided for in Article 25(c) of this Agreement.

ARTICLE 25

TERMINATION AND DISTRIBUTION

(a) This Agreement may be terminated by the written consent of three-fourths of the Members; provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of assets and all other functions necessary to wind up the affairs of the Authority.

(b) Upon termination of this Agreement all assets of the Authority shall be distributed only among the parties that have been Members of the joint protection program, including any of those parties which previously withdrew pursuant to Article 22(b) or 23 of this Agreement, in accordance with and proportionate to their cash (including deposits) payments and property (at market value when received) contributions made during the term of this Agreement. The Executive Committee shall determine such distribution within six months after the last pending claim or loss covered by this Agreement has been finally disposed of.

(c) The Executive Committee is vested with all powers of the Authority for the purpose of winding up and dissolving the business affairs of the Authority. These powers shall include the power to require Members, including those which were Members at the time the claim arose or at the time the loss was incurred, to pay their share of any additional amount of deposit deemed necessary by the Executive Committee for final disposition of all claims and losses covered by this Agreement. A Member's share of such additional deposits shall be determined on the same basis as that provided for annual deposits in Article 16 of this

Agreement, and shall be treated as if it were the next year's annual deposit for that Member, subject to the limits described in Article 16(h) of this Agreement.

(d) In the absence of an Executive Committee, the Secretary shall exercise all powers and authority under this Article. The decision of the Executive Committee or Secretary under this Article shall be final.

ARTICLE 26

PROVISION FOR BYLAWS AND MANUAL

The Board shall cause to be developed Authority Bylaws and a Policy and Procedure Manual to govern the day-to-day operations of the Authority. Each Member shall receive a copy of any Bylaws, Policy Statement or Manual developed under this Article.

ARTICLE 27

NOTICES

Notices to Members hereunder shall be sufficient if delivered to the administrative office of the respective Member.

ARTICLE 28

AMENDMENT

When a quorum of the Board of Directors is present, this Agreement may be amended at any time by a two-thirds vote, with the exception of an amendment to Article 23 which shall require a three-fourths vote of the entire Board of Directors.

ARTICLE 29

PROHIBITION AGAINST ASSIGNMENT

No Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member shall have any right, claim or title to any part, share, interest, fund, deposit or asset of the Authority.

ARTICLE 30

AGREEMENT COMPLETE

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

IN WITNESS WHEREOF, the parties hereto have first executed this Agreement by authorized officials thereof on the date indicated below.

Date: _____

MEMBER: _____

By: _____