

RESTATED AGREEMENT AND DECLARATION
OF TRUST ESTABLISHING THE
HIGH DESERT & INLAND EMPLOYEE-EMPLOYER TRUST

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**RESTATED
AGREEMENT AND DECLARATION OF TRUST
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HIGH DESERT & INLAND EMPLOYEE-EMPLOYER TRUST**

RECITALS

1. The Employee Associations and the Districts are parties to collective bargaining agreements which require contributions by the District to the High Desert & Inland Employee-Employer Trust for the purpose of providing certain health and welfare benefits for certain eligible Employees and Beneficiaries.
2. The Employee Associations and the Districts are parties to collective bargaining agreements which delineate contributions by the parties to High Desert & Inland Employee-Employer Trust for the purpose of providing health and welfare benefits for eligible employees, retired employees and dependents.
3. The amount of contributions as aforesaid shall be as set forth in the Collective Bargaining Agreements and Participation Agreements.

ARTICLE I

DEFINITIONS

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

Section 1. The term "Employee" means all persons included in the bargaining unit as described in the Collective Bargaining Agreements between the Districts and the Employee Associations, and any other employee of the Districts, whether or not covered by a collective bargaining agreement, provided such employee is covered by a Participation Agreement. Persons retired from employment with the Districts, persons serving on the governing board of the Districts, and person eligible by law for health and welfare benefits may also be included in the term "Employee."

Section 2. The term "Collective Bargaining Agreement(s)" means the agreement entered into by the Employee Associations and the Districts, pursuant to California Government Code Section 3540 et seq., and any extensions, amendments, or any successor agreements which provide for participation in this Fund.

Section 3. The term "Trust Agreement" means this Agreement and Declaration of Trust and any amendments or modifications thereto.

Section 4. The term "Fund" or "Trust Fund" means the trust fund created and established by this Trust Agreement, and all the assets held in one or more accounts in accordance with this Trust Agreement.

Section 5. The term "District Self Funded Plan" means any plan of benefits established and maintained by and under this Trust Agreement on behalf of a Member District.

Section 6. The term "District Self Funded Plan Account" means an account maintained by the Trust for participants of a Member District, funded and accounted for separately from the Fund. Such District Self Funded Plan Account may provide for health benefits through self funding, insurance, or otherwise. The District Self Funded Plan Account is liable only for the participants covered by the District Self Funded Plan. No District Self Funded Plan is liable for the obligations of any other Plan, self funded or otherwise; and the Fund is not liable for the obligations of any District Self Funded Plan.

Section 7. The term "Plan" or "Health and Welfare Plan" is a plan other than a District Self Funded Plan setting out the benefits provided by the Fund pursuant to the terms of Collective Bargaining Agreement(s) and Participation Agreement(s) for collectively bargained employees or District Board Policy and Participation Agreement(s) for non-collectively bargained employees.

Section 8. The term "District" means a public school district recognized by the State of California. This includes community colleges and county offices of education.

Section 9. The term "Member District" means a District which is a party to this Agreement.

Section 10. The term "Director" means a person designated as Director pursuant to Article IV of this Trust Agreement, and successors of such person from time to time in office. The term "Board of Directors" and "Board" mean the board established by Article V of this Trust Agreement.

Section 11. The term "Custodial Agent" means the Custodial Agent appointed for the purpose specified in this Trust Agreement.

Section 12. The term "Contributions" means payments made or required to be made to the Fund in accordance with the Collective Bargaining Agreements or Participation Agreements.

Section 13. The term "Participation Agreement" means a written agreement between High Desert & Inland Employee-Employer Trust and a District providing for membership under this Trust Agreement and Plan for employees of the District.

Section 14. The term "Employee Associations" means any and all of the exclusive labor representatives of Employees for collective bargaining as recognized and/or certified pursuant to Section 3540 et seq. of the California Government Code.

Section 15. The term "Participant" means any Employee who is eligible to receive a benefit of any type from this Fund or whose Beneficiaries may be eligible to receive any such benefit.

Section 16. The term "Beneficiary" means a person designated by a Participant or by the terms of the Plan who is or may become entitled to a benefit hereunder.

Section 17. The term "Dependent" or "Eligible Dependent" shall have the meaning specified in the Trust Policies.

Section 18. The term Delegate(s) means the person(s) duly appointed by their respective Districts or bargaining units who elect(s) the members of the Board of Directors and who may serve on Standing Committees.

ARTICLE II

ESTABLISHMENT AND PURPOSE OF THE FUND

Section 1. There is hereby created the High Desert & Inland Employee-Employer Trust, which shall consist of all contributions made into the Fund and all interest, income, and other returns thereon of any kind whatsoever, together with all property and assets of the Fund.

Section 2. The Fund shall be used for the purpose of providing for the benefit of the Employees in each Member District, health and welfare benefits as defined in Sections 3543.2 and 53200 of the Government Code and the provisions of Section 501(c)(9) of the Internal Revenue Code. The Fund shall further provide for financing the operation and administration of the Fund, in accordance with this Trust Agreement.

Section 3. The Fund shall have its principal office in San Bernardino County, California.

Section 4. District contributions to the Fund 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 District contributions made or required to be made to the Fund in lieu of the benefits delineated in a Collective Bargaining Agreement or District Board Policy.

Section 5. Neither the Member Districts nor the Employee Associations, nor any Employee, nor any other person shall have any right, title or interest in the Fund other than as specifically provided in this Trust Agreement, and no part of the Fund shall revert to the Member Districts or the Employee Associations, except as may be provided in this Trust Agreement for District Self

Funded Plans.

Neither the Fund nor any contributions to the Fund shall be, in any manner, liable for or subject to the debts, contracts or liabilities of the Member Districts, the Employee Associations, or any Employee. No part of the Fund, nor any benefits payable in accordance with a Health and Welfare Plan, shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge by any person.

Section 6. No Member District nor any officer, agent or Employee of a Member District shall be under any liability to the Fund or a Health and Welfare Plan, except to the extent that contributions are required to be made to the Fund, or the extent an individual may incur liability as a Director as hereinafter provided. Liability of a Member District to the Fund or to a Health and Welfare Plan shall be limited to the contributions required by the Collective Bargaining Agreement and Participation Agreement. Member Districts shall not be required to make any further payments or contributions to the cost of the operation of the Fund or of a Health and Welfare Plan, except as may be hereafter provided by the Collective Bargaining Agreement or Participation Agreement.

Section 7. The Member Districts, the Employee Associations, or Employees shall not be liable or responsible for any debts, liabilities or obligations of the Fund or the Directors.

Section 8. Separate accounting records shall be maintained for the Fund and each Self Funded Plan Account, but the assets may be maintained, commingled, and invested so long as the interests of each are identified. Records shall be maintained setting out the assets, liabilities, reserves, and administrative expenses as to each Self Funded Plan Account.

ARTICLE III

CONTRIBUTIONS TO THE FUND

Section 1. In order to effectuate the proposes hereof, Contributions shall be made to the Fund in the manner required by the Participation Agreements. The rate of District Contributions shall be governed at all times by the Participation Agreements..

Section 2. Contributions shall be made payable to the Fund and shall be paid directly to such Custodial Agent as may be designated by the Board of Directors, qualified and doing business in the State of California or to a bank designated by the Board of Directors, which is a member of the Federal Reserve Bank. Contributions for District Self Funded Plans shall be credited to District Self Funded Accounts.

Section 3. Each Contribution to the Fund shall be made promptly by the tenth (10th) of each month. If such payment is not made on the specified date, it shall be considered delinquent. The

parties recognize and acknowledge that the regular and prompt payment of Contributions to the Fund is essential to the maintenance and effectiveness of a Health and Welfare Plan and that it would be extremely difficult, if not impracticable, to fix the actual expense and damage to the fund and to a Health and Welfare Plan which would result from the failure of any party to pay Contributions by the time specified, and liquidated damages may be assessed for the failure to make such contributions timely.

Section 4. Interest shall be charged on delinquent Contributions at the interest rate prescribed under Section 6621 of the Internal Revenue Code of 1986, as amended, but in no event shall the interest rate charged be more than 10% per annum. All payments made to the Fund shall first be applied to any delinquent Contribution or Contributions.

Section 5. Member Districts shall be responsible for the collection and payment of employee contributions, if any, as prescribed within the terms of the Collective Bargaining Agreements or District Board Policy.

Section 6. The Participation Agreement providing for a District Self Funded Plan shall require that the Member District is responsible for contributions in an amount sufficient to fund such Plan and any liabilities that such Plan incurs, and that neither the Fund nor any other District Self Funded Account has any responsibility for its benefits or liabilities.

ARTICLE IV

NEW DISTRICTS

Section 1. Any District (as defined in Article I, Section 8) may join the Fund if the Board of Directors has voted to admit it and by:

- a. Agreement to do so in a Collective Bargaining Agreement and execution of the Fund's Participation Agreement;
- b. Executing a Participation Agreement for non-exclusively represented Employees.

Section 2. No membership may be terminated by the Fund except for non-payment of contributions.

Section 3. Any District may terminate its membership in the Fund by:

- a. Agreement to do so in a Collective Bargaining Agreement and notification to Fund of such action;

- b. By notification to the Fund of such action on behalf of non-exclusively represented employees, in accordance with the terms of the Participation Agreement.

ARTICLE V

BOARD OF DIRECTORS

Section 1. (a) The administration of the Fund is vested in a Board of Directors, which consists of no fewer than 4 Directors and no more than 16 Directors, evenly divided between District Directors and Employee Association Directors, with up to 8 Directors called "District Directors" and up to 8 Directors called "Employee Association Directors." The Employee Association Directors, also evenly divided between classified and certificated Employee Associations, will consist of up to 4 classified Association Directors and up to 4 certificated Association Directors.

(b) The charter Member Districts are guaranteed positions on the Board as follows - Apple Valley and Victor Elementary will each have 1 District Director and each will have 1 certificated Employee Association Director.

(c) No Director may be appointed for a Member District with 150 or fewer Employees. A Director may be appointed from a Member District with 150 or fewer Employees provided the Member District is part of a pool of Member Districts who collectively have 151 or more Employees.

(d) No Director may be appointed for a Member District whose Employees are not covered by a Trust medical Plan. Each Director must be an employee of a Member District and must be covered under a medical plan or policy whether provided by the Trust or otherwise.

(e) Each Member District has the right, however, in lieu of having two Directors, to appoint one Director, whose voting power is equal to the two Employee Association Directors for that District.

(f) The member Districts and the Employee Associations will use their best efforts to appoint Directors who have experience or expertise in investment, health and welfare trusts, labor management relations, or health service delivery, and are free from any conflicts of interest.

(g) The Board will also consist of 4 Alternate Directors, comprising 2 District Alternates and 2 Employee Association Alternates, one each from a classified and certificated Employee Association. Alternate Directors may participate in any meeting, but are only entitled to vote in the absences of a Member District Director(s) or respective Employee Association

Director.

Section 2. The Member Districts and the Employee Associations expressly designate the Directors as named 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 Fund and the Plan. Each of the initial Directors expressly accepts designation as a fiduciary and as Director by the written acceptance and signature of this Trust Agreement and assumes the duties, responsibilities and obligations of the Directors as created and established by this Trust Agreement and under applicable law. Any Director named hereafter shall do likewise by signing the Trust Agreement or a written acceptance thereof, in a form approved by and filed with the Board of Directors.

Section 3. The District Directors, and the classified and certificated Employee Association Directors shall be elected to the Board of Directors by the Assembly of Delegates established by the Board of Directors as set forth in the Board Policies.

Section 4. In June of each year, the Directors will select one of their number to act as Chairperson of the Board of Directors and one to act as Co-Chairperson, to serve for a term of one year or such other period as the Directors determine. When the Chairperson is selected from among the District Directors, the Co-Chairperson will be selected from among the Employee Association Directors and vice-versa.

Section 5. Effective as of July 1, 2004, the four charter Member Directors must be elected to terms of four years and to two-year terms thereafter. Two District Directors, one certificated Employee Association Director and one classified Employee Association Director must be elected to terms of two-years and to two-year terms thereafter. The remaining four District Directors, two certificated Employee Association Directors and two classified Association Directors must be elected to one-year terms and to two-year terms thereafter. Each Director serves at the pleasure of the appointing authority until the earlier of the expiration of his or her term, death, incapacity, resignation, inability to serve, removal from office, or until a successor is designated as provided in this Trust Agreement. Directors may be elected for additional terms.

Section 6. 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 effect upon the Board of Directors and, if a Employee Association Directors, upon the Employee Associations and, if a District Director, upon the Districts.

Section 7. Any District Director may be removed from office at any time for any reason through an instrument in writing, signed by the Member Districts and served on the Director concerned and the Board of Directors. Any Employee Association Director may be removed from office at any time for any reason by an instrument signed by the Employee Associations and served upon the Director concerned and the Board of Directors.

Section 8. If any District Director dies, resigns or is removed from office, a successor Director must be elected forthwith by the Member District Delegates. The successor's election must be put in writing, signed by two Member District Delegates and delivered to the Board of Directors. If any Employee Association Director dies, resigns or is removed from office, a successor Director must be elected forthwith by, as applicable, the certificated Employee Association or classified Employee Association Delegates. The successor's election must be put in writing, signed by two Employee Association Delegates and delivered to the Board of Directors. With the exception of the monthly deadlines, such elections must be conducted in accordance with Article V(A), section 2(c). Any successor Director so appointed shall sign this Trust Agreement, or a counterpart thereof, and such signature shall constitute the acceptance of office and agreement to act under and to be subject to all of the terms and conditions of this Trust Agreement.

Section 9. 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 Fund any and all records, books, documents, monies and other properties which belong to the Fund and which were received by such Director in his or her capacity as a Director.

Section 10. 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 Fund.

Section 11. The Directors shall not be compensated for their services by the Fund, but Directors shall be reimbursed by the Fund for all reasonable expenses properly and actual incurred in connection with the performance of their official duties as Directors, as authorized by the Board of Directors.

Section 12. The Board of Directors may remove a Director if the Director has been found by a court to have breached a fiduciary duty or been convicted of, or been imprisoned as a result of a conviction for any crimes enumerated in ERISA section 411.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall have the power to administer the Fund and to administer and maintain the Plans 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 for each Plan. 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, amend the Plan(s). In addition, the Board of Directors may amend or modify the existing Health and Welfare Plans when the contributions to the fund and reserves of the Fund are insufficient to maintain the Plans selected by the parties at the time of negotiation, provided that such action shall not be taken until after the Districts and

Employee Associations are provided at least 60 days advance written notice of such changes and the amount of additional contributions that could avoid such changes. The Board of Directors shall not be permitted to accept contributions from any District under any Collective Bargaining Agreement which contains terms inconsistent with this Section.

Section 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 Fund.

Section 3. In furtherance of the administration of the Fund and Plans, the Directors shall use the authority of their office:

- a. To enter into or direct negotiations with health care providers in order to obtain the lowest cost to provide the benefits for all eligible participants of each individual Plan. All contribution levels, plans of benefits, and eligibility rules shall be established by the Board of Directors;
- b. To coordinate with other similar Trust Funds the utilization of accounting, legal, investment, consulting and administrative services;
- c. To entertain bids for the procurement of insurance policies, and at all times endeavor to provide the benefits for the least cost to the Fund;
- d. To coordinate with other similar Trust Funds to provide any of the benefits specified in a Plan;
- e. To provide to the negotiating parties cost estimates concerning existing schedules of eligibility and benefits or any alternative eligibility and benefit specification requested by either of the parties.

Section 4. The Board of Directors shall have power to demand and enforce the prompt payment of Contributions to the Fund, as specified by the Participation Agreements or any other written agreement requiring contributions to the Fund, and delinquent payments, liquidated damages as provided in Section 3 of Article III, and interest as provided in Section 4 of Article III. If any Contributor defaults in making such contributions or payment and if it becomes necessary for the Board of Directors to consult legal counsel with respect thereto, or if the Board of Directors files a suit or claim with respect thereto, there shall be added to the obligations of the Contributor interest and liquidated damages as provided herein, reasonable attorneys' fees, court cost 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.

Section 5. The Board of Directors shall have the power and authority to use and apply the Fund for the following purposes:

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

If the Board of Directors is unable to agree upon the employment of either a consultant or an attorney pursuant to this clause, the District Directors and the Employee Association Directors may each select either a consultant or an attorney or both, as the case may require, who shall be directed to act jointly with each other in connection with the administration of the Fund and the reasonable cost of such advice or services shall be paid from the Fund.

- b. To provide health and welfare benefits in such amounts and form as in the discretion of the Board of Directors shall be deemed most beneficial, advantageous and desirable from the standpoint of District Contributions and Fund assets available for such purposes consistent with Section 1 of this Article.
- c. To pay all reasonable, proper and necessary expenses incurred by any Directors not specified above, including the cost of defense in litigation arising out of the Directorship of this Fund, which is not a result of willful misconduct or bad faith, to the extent permitted by law.
- d. To pay or provide for the payment of premiums on the contracts or policies of insurance or fees on service provider agreements, which contracts or policies of insurance shall be contracted for in the name of and issued to the Fund, as the Board of Directors may determine.
- e. To adopt rules and regulations for the administration of the Fund or the Plan which are not inconsistent with the terms and intent of the Trust Agreement and the Collective Bargaining Agreement or District Board Policy.
- f. To establish and accumulate such reserve funds as the Board of Directors, in its sole discretion, deems necessary and desirable for the proper operation of the Fund.

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

Section 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, in their sole discretion, may deem necessary or advisable.

Section 7. The Board of Directors shall have the power and authority to take the following actions on behalf of the Fund.

- a. 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 may sell, exchange or otherwise dispose of such investments at any time.

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 stocks, bonds or other property, real or personal, including improved or unimproved real estate and equity interest in real estate, where such an investment appears to the Board of Directors, in its discretion and consistent with its fiduciary obligations, to be in the best interest of the Fund judged by 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 the Fund, 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.

- b. In its discretion, by resolution, to allocate to another party such duties and responsibilities to invest and reinvest such Fund assets as it shall specify in such resolution.
- c. 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 Fund as the Board of Directors shall specify. Any such appointment may be terminated by the Board at any time. The fees of such investment manager, and its expenses to the extent permitted by law, may be paid out of the Fund.

- d. From time to time, to adopt appropriate investment policies or guidelines in connection with any allocation or delegation of investment functions under paragraphs (b) and (c) of this Section 7.

Section 8. The Directors may establish committees and allocate fiduciary responsibilities and various administrative duties to such 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.

Section 9. The Board of Directors may employ or contract for the services of an individual, firm or corporation, to be known as the "Fund Manager," who shall, under the direction of the Directors or under the direction of any appropriate committee of the Directors, administer the office or offices of the Fund and of the Directors, coordinate and administer the accounting bookkeeping and clerical services, provide for actuarial services, prepare (in cooperation, where appropriate, with an actuary and independent auditor) all reports and other documents to be prepared, filed or disseminated by or on behalf of the Fund in accordance with law, assist in the collection of Contributions required to be paid to the Fund and perform 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 Fund manager shall be the custodian on behalf of the Directors of all documents and other records of the Directors and of this Fund.

Section 10. The Directors and such other employees of the Fund who handle the monies of the Fund 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 Fund. 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.

Section 11. The Directors may, in their discretion, obtain and maintain policies of insurance, to the extent permitted by law, to insure themselves, the Fund as such, as well as employees or agents of the Fund, while engaged in business and related activities for and on behalf of the Fund (1) with respect to liability as a result of acts, 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 Fund.

Section 12. All checks, drafts, vouchers or other withdrawals of money from the Fund shall be signed by at least one District Director and one Employee Association Director as designated by the Board of Directors.

Section 13. The books of account and records of the Board of Directors, including the books of account and records pertaining to the Fund, 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 all other reports required by law. A statement of the results of the annual audit shall be available for inspection by interested persons at the principal office of the Fund and at such other suitable places as the Board of Directors may designate from time to time. Copies of such statement shall be delivered to the Employee Associations, the Member Districts, and each Director within thirty (30) days after the statement is prepared.

Section 14. 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 Trust Agreement or for instructions as to any action thereunder and, further, as to any question relating to the discharge of its duties and obligations under, or in connection with, the administration of this Fund and as to the distribution of assets belonging to the Fund. Any such determination, decision or judgment shall be binding upon all parties to, or claiming under this Trust Agreement.

Section 15. The Board of Directors shall maintain or have maintained suitable and adequate records of and for the administration of the Fund and the Plans. The Board of Directors may require a Member District, a Employee Association or any Employee or any other beneficiary under a Plan 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, report or document including verification of accuracy of contributions.

Section 16. The Directors shall exercise the powers and duties provided for in the Trust Agreement solely in the interest of the participants and beneficiaries of the Fund and for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plan. The Directors shall exercise their powers 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.

Section 17. The Directors shall exercise all rights and privileges authorized herein to maximize the return on monies invested, to protect all property held hereunder and perform all acts deemed necessary to accomplish the major objective of obtaining and providing the health and welfare benefits available for the monies contributed to the Fund.

Section 18. The Board of Directors shall provide periodic reports to the Employee Associations and the Member Districts which shall include, but not be limited to, investment of Fund assets, administration of the Fund, experience factors for Employees covered by a Plan, and other reports required by law.

Section 19. The Board of Directors are vested with the power and discretion to interpret this Trust Agreement and any Plan established hereunder, to construe any facts relating to the application of the Plan and their interpretation is final and conclusive.

ARTICLE VII

PROCEDURE OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall determine the time and place for regular periodic meetings of the Board of Directors. Either the Chairperson or 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 of all other Directors of the time and place of such meeting at least seven (7) calendar days before the date set for the meeting. Any such notice of a special meeting shall be sufficient if sent by ordinary mail or facsimile addressed to the Director at the address of such Directors as shown in the records of the Board of Directors. Any meeting at which Directors are present, or concerning which all Directors have waived notice in writing, shall be a valid meeting without the giving of any notice.

Section 2. The Board of Directors shall appoint a Secretary and additional assistants, if necessary, who shall keep minutes or records of all meetings, proceedings and acts of the Board of Directors.

Section 3. A quorum consists of at least two thirds of the District Directors and at least two thirds of the Employee Association Directors provided that at least one Employee Association Director from a classified Employee Association and at least one Employee Association Director from a certificated Employee Association are present. A District Director who has two votes shall be counted as two Directors for purposes of calculating a quorum.

Section 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 Trust Agreement except upon unanimous vote at a valid meeting.

Section 5. A Director may attend a meeting and must be treated as present for all purposes if the Director elects to attend through an electronic connection with those Directors otherwise in attendance, either telephonically or via the Internet.

Section 6.

- a. All actions of the Board of Directors shall be decided by a unit vote, the District Directors being entitled to 1 vote, and the Employee Association Directors entitled to 1 vote, respectively.

- b. The vote of the Employee Association Directors must be determined by at least 75% of the Employee Association Directors present at any meeting and the vote of the District Directors must be determined by at least 75% of the District Directors present at any meeting. In the event that either the Employee Association Directors present or the District Directors present cannot determine their respective collective vote among themselves, the question at issue shall remain in status quo until the undecided group of Directors can cast the single, collective vote as set forth above.

The question at issue shall be presented again at the next subsequent meeting, the particular group of Directors shall remain unable to decide how to cast its single, collective vote, and remain so until the meeting is adjourned, then immediately prior to the adjournment of such meeting, the vote of the undecided group shall be deemed automatically cast in opposition to vote of the group of Directors which has cast its single, collective vote so as to thereby cause a deadlocked vote among the Directors which shall be resolved in accordance with Article IX of this Trust Agreement.

Section 7. Meetings of the Board of Directors shall be held at a place designated by the Board of Directors. Unless such place is designated by previous agreement of the Board of Directors, meetings shall be held at the principal office of the Fund.

Section 8. 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 concurrence of each Director.

ARTICLE VIII

GENERAL PROVISIONS APPLICABLE TO DIRECTORS

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

Section 2. The duties, responsibilities, liabilities and disabilities of any Director under this Trust Agreement shall be determined solely by the express provisions of this Trust Agreement and no further duties, responsibilities, liabilities or disabilities shall be implied or imposed.

Section 3. The Board of Directors, to the extent permitted by applicable law, shall incur no liability in acting upon any instrument, application, notice, request, signed letter, telegram or other paper or document believed by them to be genuine and to contain a true statement of facts, and to be signed by the proper person. Any Director, to the extent permitted by applicable law, may rely upon any instrument in writing purporting to have been signed by a majority of the Directors having taken the action stated to have been taken in such instrument.

Section 4. Neither the Member Districts nor the Employee Associations shall be liable or responsible for the validity of this Trust Agreement or the Health and Welfare Plans.

Section 5. Neither the Member Districts nor the Employee Associations 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 the Member Districts or Employee Associations.

Section 6. The name of the Fund may be used to designate the Directors collectively, and all instruments may be executed by the Board of Directors in such name, which instruments shall be signed by at least one (1) District Director and one (1) Employee Association Director.

Section 7. In the event any question or dispute shall arise as to the proper person or persons to whom any payments shall be made under this Trust Agreement or the Plan, the Board of Directors may withhold such payment until there shall have been made an adjudication of 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 such as the Board of Directors, in its sole judgment, determines to be adequate.

ARTICLE IX

ARBITRATION

Section 1. In the event of a deadlock of the District Directors and the Employee Association Directors on any matter within their power, the dispute, including the arbitrability of the dispute, may be referred to arbitration as hereinafter provided.

Section 2. A deadlock of the Directors may occur only upon a tie vote on the adoption of a motion or resolution

Section 3. After twenty (20) days of the occurrence of a deadlock, the Employee Association Directors may serve upon the District Directors, or vice versa, a written demand for arbitration. The dispute, including the arbitrability of the dispute, shall be referred to an impartial arbitrator for a final and binding decision as set forth below.

Section 4. If no agreement on who shall be arbitrator is reached within the ten (10) day period after the service of the notice to arbitrate, or within such further time as the Directors may allow for such purpose by mutual agreement, an arbitrator shall, upon request of either the District Directors or the Employee Association Directors, be selected from a panel of five (5) arbitrators submitted by the American Arbitration Association to the District Directors and Employee Association Directors. From the panel submitted, the District Directors and Employee Association Directors shall each alternatively strike (1) name until four (4) names have been eliminated, and the person whose name remains shall be the arbitrator.

Section 5. In the event the Directors are unable to agree on an arbitrator within a reasonable time, either the District Directors or the Employee Association Directors may petition the appropriate Superior Court for the State of California for appointment of an arbitrator, as provided in California Code of Civil Procedure, Section 1281.2 et seq.

Section 6. Any matter in dispute which is referred to arbitration shall be in writing. If the Directors cannot agree on a written submission statement, the Employee Association Directors and the District Directors shall each submit their respective statement of the issue or issues in dispute.

Section 7. The decision of the arbitrator shall be final and binding upon the Directors, the parties, the Employees and other participants and beneficiaries of this Trust Agreement and the Plans. In making his/ her decision, the arbitrator shall be bound by the provisions of this Trust Agreement, the Plan, the Collective Bargaining Agreements and any Participation Agreement and shall have no authority to alter or amend any of the terms thereof. The decision of the arbitrator shall be rendered in writing. The arbitrator shall not have jurisdiction to make an award which establishes, fixes, or amends a rate of contribution or who a contributor is to the Fund.

Section 8. No matter in connection with the interpretation or enforcement of the Collective Bargaining Agreements or District Board Policy shall be subject to arbitration under this article. No matter which is subject to arbitration under this article shall be subject to the grievance procedure or any other arbitration procedure provided in the Collective Bargaining Agreements or District Board Policy.

Section 9. The fees and expenses of such arbitrator, including the cost of any hearing room and the original reporter's transcript, shall be borne by the Trust up to a maximum of \$10,000. Thereafter, such fees and expenses shall be borne equally by the parties to such arbitration.

ARTICLE X

GENERAL PROVISIONS

Section 1. The rights and duties of all parties, including the Member Districts, the Employee

Associations, the Employees and the Directors, shall be governed by the provisions of this Trust Agreement and the Plans; provided, however, that the amount of Contributions shall be as provided in the Collective Bargaining Agreements and Participation Agreements.

Section 2. No Employees or other Participant or Beneficiary shall have any right or claim to benefits under the Plan(s) except as specified in the policy or policies or contract or contracts, procured or entered into pursuant to Section 5 of Article VI. The Directors shall procure and maintain a claims procedure by 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. The plan of benefits shall be approved by the Board of Directors, which also shall set the contribution rate at such levels as will support the plan of benefits.

Any dispute as to eligibility, type, amount or duration of benefit shall be resolved by the appropriate insurance carrier or the 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 Fund or any of the Directors. The Member District, the Employee Associations, nor any of the Directors shall be liable for the failure or omission for any reason to pay any benefits under the Plan.

Section 3. When a Participation Agreement providing for a District Self Funded Plan is terminated, whether by the Member District and Union, Member District, or by the Trust, the liabilities that District Self Funded Plan incurred before the termination date, and administrative expenses, will be paid from that District Self Funded Account. Payment of administrative expenses to the Trust has priority over all other liabilities of a terminated District Self Funded Plan. The Board shall notify the Member District and Union of any additional contributions that may be required to satisfy all liabilities of that District Self Funded Account, including, but not limited to, premiums, claims incurred before the termination date, and administrative expenses. The Member District shall be solely responsible for the payment of all liabilities of its Self Funded Plan that are not paid from the District's Self Funded Account due to insufficient funds. After termination of a Participation Agreement, the Board shall have no obligation to enforce collection from a District of additional amounts required to satisfy liabilities of that District's Self Funded Account. Neither the reserves maintained by the Trust in any other District Self Funded Account nor any other assets of the Trust will be liable for payment of the claims or other liabilities incurred under the terminated District Self Funded Account. The Trust will not be liable for premiums due or claims incurred after the date of termination of a Participation Agreement.

Any balance in a District Self Funded Account that has been terminated, may, after payment of all of the liabilities of that District Self Funded Account, and upon written consent of all parties to the Participation Agreement, be transferred to another Trust qualified under Internal Revenue Code Section 501(c)(9), a Joint Powers Agency, or a District's segregated account for health benefits, provided such funds may not be used for any purpose other than the continuance of one or more benefits of the type provided by this Trust covered by such District Self Funded Account. As a condition to a transfer of funds as described in the preceding sentence, and in conformance

with the requirements of qualification under Internal Revenue Code Section 501(c)(9), the entity receiving such funds must acknowledge in writing that it will not use these funds for any purpose other than the continuance of one or more benefits of the type provided by this Trust for the Employees (and their Dependents) of the terminating group and agree to indemnify the Trust, its Directors, participating Districts, Unions and Employees from any adverse consequence of a use of such funds for any other purpose.

Section 4. Any notice required to be given under the terms of this Trust 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 person at the last known address as shown in the records of the Fund, or if sent by facsimile to such person at said last known address.

Section 5. All questions pertaining to this Trust Agreement, the Fund, or the Plan 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.

Section 6. If any provisions of this Trust Agreement, the Plan, the rules and regulations made pursuant thereto, or any step in the administration of the Fund or the Plan is held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining portions of this Trust Agreement, the Plan, the mode of administration or the rules and regulation, unless such illegality or invalidity prevents, or in substantial degree unfavorable affects, accomplishment of the objectives and purposes of this Trust Agreement or of the Plan. In the event of any such occurrence, the parties will immediately commence negotiations or attempt to remedy any such defect.

Section 7. Except to the extent necessary for the proper administration of the Fund or the Plan, all medical records pertaining to individuals shall be confidential and shall not be made public or used for any other purposes than for the information of and action by the Directors. Nothing in this section shall prohibit the preparation and publication of statistical data and summary reports with respect to the operations of the Fund and the Plan.

Section 8. This Trust 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 Fund.

ARTICLE XI

AMENDMENT, MERGER AND TERMINATION

Section 1. The provisions of this Trust Agreement may be amended or modified at any time and from time to time by the Board of Directors as provided in Article VII hereof. Such amendment shall be accompanied by an instrument in writing, executed by the Chairperson and Co-Chairperson.

Section 2. In the event that one of the Member Districts shall cease its participation in the Fund for any reason, this Trust Agreement and the Fund created hereunder shall continue for the benefit of all remaining participants. The remaining Member Districts, Employee Associations and Employees shall continue to maintain the Fund. Any Member District which ceases to participate in the Fund shall forfeit any and all rights and interests in the Fund or any of its assets and shall not be entitled to share in any of the reserves maintained by the Fund upon its withdrawal from participation or upon cessation of its obligation to contribute to the Fund.

Section 3. The provisions of this Trust Agreement shall continue in effect as long as there is at least one Member District.

Section 4. Upon the termination of the Fund herein provided, any and all monies remaining in the Fund or in any District Self Funded Account, after the payment of all expenses, shall be used for the continuance of one or more benefits of the type provided by the Plan or District Self Funded Plan until such monies have been exhausted or as otherwise provided by law.

This Restated Agreement and Declaration of Trust incorporates prior amendments and a prior Restatement. This Restated Agreement and Declaration of Trust was adopted at a meeting of the Board of Directors duly called and held on January 29, 2008 and is made effective as of said date.

DISTRICTS

EMPLOYEE ASSOCIATIONS

By _____

By _____

Name and Title _____

Name and Title _____

Date: _____

Date: _____

By _____

By _____

Name and Title _____

Name and Title _____

Date: _____

Date: _____

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