

The Metropolitan Employees Benefits Association Agreement

Trust Agreement

Revision Date: December 17, 1998

Metropolitan Employees Benefits Association and Trust

This trust agreement and declaration originally made and entered into the 20th day of December, 1993, by and between the California School Employees Association; Fullerton Elementary Teachers Association/CTA/NEA; Fullerton Secondary Teachers Organization/CTA/ NEA; Buena Park Teachers Association/CTA/NEA; Brea Olinda Teachers Association/ CTA/ NEA; Fullerton School District; Fullerton Joint Union High School District; Buena Park Elementary School District; Brea Olinda Unified School District; and the trustees who have signed this trust agreement is hereby amended and restated effective Jan. 1, 1998 .

Recitals

- A. The Union Participants and the District Participants desire to provide health and welfare benefits as defined in Section 3543.2 and Section 53200 of the California Government Code for Employees of the Districts and their dependents on an insured or self-funded basis through a voluntary employees' benefits association qualified for tax-exempt status under Section 501(c)(9) of the Internal Revenue Code.
 - B. The Unions and the Districts are parties to collective bargaining agreements which allow or require contributions by the Districts to the Metropolitan Employees' Benefits Association (MEBA) for the purpose of providing health and welfare benefits for eligible employees, retired employees, and their dependents.
 - C. The amount of contributions as aforesaid shall be set forth in the Collective Bargaining Agreements and Participation Agreements.
 - D. The mission of MEBA 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 at the most efficient cost achievable through unity of design, purchase, and administration.
1. **DEFINITIONS.** Unless the context or subject matter otherwise requires, the following definitions shall govern the Agreement:
 - 1.1 The term **Beneficiary** means an eligible person designated by a Participant or by the terms of the Plan(s) who is or may become entitled to a benefit hereunder.
 - 1.2 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 Agreements or any successor agreements which provide for or allow participation in this MEBA .

- 1.3 The term **Conflict of Interest** means any financial, personal, or legal impediment to the free exercise of judgement on the behalf of the MEBA. A trustee or an employee shall be free from compromising influences and loyalties. A trustee or an administrative employee of the MEBA shall fulfill his or her responsibilities solely on behalf of the mission of the MEBA.
- 1.4 The term **Custodial Agent** means the Custodial Agent appointed for the purpose specified in this Agreement and meeting the qualifications set forth in Section 4.2.
- 1.5 The term **Dependent** means any person entitled to receive benefits through an eligible employee or retiree by a bargaining or participation agreement. The restrictions on dependent eligibility shall be determined by the Board of Trustees.
- 1.6 The term **Trustee** means a person designated as Trustee pursuant to Section 5 of this Agreement and successors of such person from time to time in office. The terms **Board of Trustees** and **Board** means the Board established by Section 5 of this agreement.
- 1.7 The term **District** means any Orange, ~~or~~ Los Angeles, Riverside, or San Bernardino County Public School District and the County Office of Education that enters into a Collective Bargaining Agreement with a Union. Collectively, **Districts** are referred to as **Management**.
- 1.8 The term **District Contributions** means payments made or required to be made to the MEBA in accordance with Collective Bargaining Agreement or Participation Agreements.
- 1.9 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, Personnel Commission members, whether or not covered by a Collective Bargaining Agreement, 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**.
- 1.10 **Interested Person** means an employee of a School District, an elected school board member, or a representative of an employee organization, and invited guests of the MEBA.

- 1.11 The term **Participant** means any person who is eligible to receive a benefit of any type from this MEBA or whose beneficiaries may be eligible to receive any such benefits.
- 1.12 The term **Participation Agreement** means a written agreement between the Trustees and a District and a Union or a written agreement between the Trustees and a District providing for participation in this MEBA and plan(s) for an employee or employees of the District.
- 1.13 The term **Plan(s) or Health and Welfare Plan(s)** means the benefits provided by this MEBA and selected pursuant to the terms of the Collective Bargaining or Participation Agreements.
- 1.14 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 party to a Collective Bargaining Agreement and is approved by the Trustees to participate in this MEBA. Collectively, **Unions** are referred to as **Labor**.
- 1.15 The term **MEBA** means the entity created and established by this Agreement and the assets of the MEBA.
- 1.16 The term **MEBA Administrator** means the party responsible for the administration of the MEBA.

2. ESTABLISHMENT AND PURPOSE OF THE MEBA

- 2.1 Pursuant to California Probate code Sections 15002 and 15003(c), there is hereby created an express trust, to be known as the Metropolitan Employees Benefits Association and Trust (the "MEBA "). The standards of conduct, duties, limitations and liabilities governing this trust shall be those established by California Probate Code Sections 15000 and the common law.
- 2.2 The Trust Fund created hereby shall consist of all contributions made into the MEBA by the Districts, including individual contributions permitted under the Collective Bargaining Agreements, or required by the Consolidated Omnibus Reconciliation Act of 1985 (42 U.S.C. §§300BB-1 et seq.) And collected by the Districts; all interest, income, and other returns thereon of any kind whatsoever, together with all property and assets of the MEBA.
- 2.3 The MEBA, and the Plan(s) established pursuant to this Agreement, shall be used for the purpose of providing health and welfare benefits as defined in Section 3543.2 and Section 53200 of the California Government Code and as provided in the collective Bargaining Agreements; or in Participation Agreements; and the

MEBA shall further provide for financing the operation and administration of the MEBA, in accordance with this Agreement.

- 2.4 It is intended that the Trust Fund created by this Agreement shall qualify as a Voluntary Employees' Beneficiary Association (VEBA) and shall thereby be exempt from taxation. Immediately upon execution of this document the Trustees shall apply for such an exemption from taxation from the Internal Revenue Service ("IRS"). However, in the event that the IRS determines that the Trust Fund hereby created is not eligible for exemption as a VEBA, the Trust Fund shall be dissolved and any monies remaining shall be returned to the Districts.
- 2.5 The MEBA shall have its principal office in Orange County, California.
- 2.6 Neither the Districts nor the Unions nor any Employee, nor any other person shall have any right, title, or interest in the MEBA other than specifically provided in this MEBA Agreement and no part of the MEBA shall revert to the District or the Unions. Neither the MEBA, nor any contributions to the MEBA, 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 MEBA, 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.
- 2.7 No officer, agent, or employee of the District shall be under any liability to the MEBA or the Health and Welfare Plan(s), except to the extent that an individual may incur liability as a Trustee as hereinafter provided. The liability of the District to the MEBA, or the Health and Welfare Plan(s), shall be limited to the payments required by 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 MEBA or of the Health and Welfare Plan(s), except as may be hereafter provided in this Agreement, the Collective Bargaining Agreements or Participation Agreements.
- 2.8 Neither the Districts nor the Unions nor any Employees shall be liable or responsible for any debts, liabilities, or obligations of the MEBA or the Trustees.

3. PARTICIPATION IN THE MEBA

- 3.1 Beneficiaries of this MEBA shall be limited to officers and employees, district governing board members, retirees of Orange and Los Angeles County public school districts, and their dependents.
- 3.2 Only Orange and Los Angeles County public school districts that satisfy the requirements of this Agreement may contribute to this MEBA. Any agreement reached is between the district and the MEBA. No group may participate without both the approval of the district and the MEBA Board of Trustees.

- 3.3 A District or a group within a District must be accepted for participation by the Trustees and must execute a Participation Agreement before it may contribute to the MEBA.
- 3.4 A district with employees not subject to the terms of a Collective Bargaining Agreement can participate in the MEBA provided that the Board of Trustees approves their participation.
- 3.5 Districts wishing to withdraw after a period of initial commitment as determined by the participation agreement must provide not less than sixty (60) days notice prior to the beginning of a plan year.

4. CONTRIBUTION TO THE MEBA

- 4.1 In order to effect the purposes thereof, each District shall contribute to the MEBA in a manner directed by the Board of Trustees, 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 Agreements or Participation Agreements together with any amendments or modifications thereto.
- 4.2 Contributions to the MEBA shall be paid directly to such Custodial Agent as may be designated by the Board of Trustees, qualified and doing business in the State of California, and subject to the supervision of the Superintendent of Banks of the Controller of the Currency of the State of California, or to a Bank designated by the Board of Trustees, which is a member of a Federal Reserve Bank, or to a credit union which is a member of the National Credit Union Administration.
- 4.3 Each contribution to the MEBA shall be made promptly by the date specified in the Collective Bargaining Agreement or 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 MEBA 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 MEBA 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 MEBA or Plan(s) 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 Orange County, which amount shall become due and payable to the MEBA 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 Trustees may waive payment of any said liquidated damages in a particular case upon good cause satisfactory to the Board of Trustees being established.

- 4.4 Interest shall be charged on delinquent District contributions at the interest rate prescribed in Section 4.3 above (i.e., two percent (2%) higher than the most recent quarterly investment rate paid to school districts in Orange County).
- 4.5 Upon approval of the Trustees, the employees of any other district may become participants in the MEBA; provided, however, that the Collective Bargaining Agreement between the exclusive representative of such employees and school district or participation agreement provides in writing for contributions to the MEBA and to be bound by the terms of this Agreement. Separate contribution accounts for each such contributing district shall be kept. Other terms for the participation of additional school districts shall be agreed upon in writing among the Board of Trustees, such District, and Unions before any such employees may become participants in the MEBA.
- 4.6 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 Trustees.
- 4.7 Contributions to the MEBA shall not constitute nor 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 MEBA in lieu of the benefits provided by the Health and Welfare Plan(s). The Trustees shall take such action as is necessary or appropriate to assure that: (a) the Trust remains tax-exempt; (b) Contributions to the District contributions will not be deemed part of the "regular rate" at which an employee is employed for purposes of the Fair Labor Standard Act; and (c) District contributions will not be subject to deductions for purposes of the California Unemployment Insurance Act, the Federal Unemployment Insurance Act, the Federal Unemployment Tax Act, the Federal Insurance Contributions Act, or any similar legislation, if such result is avoidable by amending this Agreement or the Plan involved.

5. BOARD OF TRUSTEES (INTERIM AND PERMANENT)

- 5.1 The operation and administration of the MEBA shall be the joint responsibility of the sixteen Trustees) eight (8) appointed by the Management, and eight (8) appointed by Labor.
 - 5.1.1 The Labor Trustees shall include one Trustee each from the California School Employees (CSEA) and the California Teachers Association (CTA/NEA) for each participating school district. The method of

appointment of CT A/NEA Trustees is independently determined by each district's bargaining units. CSEA shall appoint the Trustees for the CSEA bargaining units.

5.1.2 The Management Trustees shall be appointed with two (2) representatives for each participating school district. The method of appointment is independently determined by each district.

5.1.3 All Trustees must be active employees (including School Board members) and enrolled in a MEBA-sponsored medical plan or staff members of CSEA and CTA/NEA. A majority of the CSEA Trustees and a majority of CTA Trustees must be enrolled in a MEBA sponsored medical plan. However, the subsection notwithstanding, each District shall be entitled to appoint Management Trustees. All Trustees appointed by the Districts must be management level personnel.

Management shall appoint two alternate Trustees and CSEA and CT A shall each appoint one alternate Trustee for the Board.

5.2 The operation and administration of the MEBA shall be the joint responsibility of the permanent Board of Trustees. The Board shall include two Management, one CSEA, and one CT A Trustee drawn from each participating school district.

5.3 Management and Labor shall have the right to designate alternate Trustees. There shall be 2 Management, 1 CSEA, and 1 CTA alternate Trustees.

5.4 Alternate Trustees may participate in any meeting, but shall be entitled to vote, only in the absence of one of the Trustees appointed by their Union or Management.

5.5 Appointing Trustees shall use their best efforts to appoint Trustees and alternate Trustees who are free from any conflict of interest created by such appointment.

5.6 The District(s) and Labor expressly designate the Trustees as fiduciaries, who shall have exclusive authority and discretion acting as the Board of Trustees as provided herein to control and manage the operation and administration of the MEBA and the Plan(s). Each Trustee expressly accepts designation as a fiduciary and as a Trustee by the written acceptance and signature of this Agreement and assumes the duties, responsibilities and obligations of Trustee as created and established by this Agreement and under applicable law. Any Trustee 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 Trustees.

5.7 The Management Trustees shall be designated in writing by the appointing authority. The Labor Trustees shall be designated in writing by the appointing bargaining agent.

- 5.8 The Trustees shall select one of their number to act as Chairperson of the Board of Trustees and one to act as Co-Chairperson, to serve for a term of two (2) years or such other period as the Trustees shall determine. When the Chairperson is selected from among the Labor Trustees, the Co-Chairperson shall be selected from among the Management Trustees, and vice-versa. The Chairperson of the Board of Trustees shall be rotated between Management and Labor Trustees and shall preside over meetings of the Board. Otherwise the Chairperson and Co-Chairperson shall have equal authority.
- 5.9 Each Trustee appointed shall serve a term of three 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. Trustees may be reappointed by the appointing authority.
- 5.10 A Trustee may resign at any time by sending 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 Trustees, and upon the Unions and the Districts .
- 5.11 Any Management Trustee may be removed from office at any time for any reason through an instrument in writing, signed by the appointing authority and served on the Trustee concerned, the Chairperson, and the Co-Chairperson of the Board of Trustees and Unions. Any Labor Trustee may be removed from office at any time for any reason by an instrument signed by the appointing union and served upon the Trustee concerned, the Chairperson and Co-Chairperson of the Board of Trustees, and the Districts.
- 5.12 If any Management Trustee dies, resigns, or is removed from office, a successor Trustee 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 Trustees. If any Labor Trustee dies, resigns, or is removed from office, a successor Trustee shall be appointed forthwith by :in instrument in writing signed by Labor and delivered to the Chairperson and Co-Chairperson. Any successor Trustee so appointed according to the manner or procedures set out above shall sign this 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 Agreement. Any successor Trustee shall be appointed for the remainder of the term of the Trustees being replaced.
- 5.13 Any Trustee who resigns or is removed from office shall forthwith turn over to the Chairperson or the Co-Chairperson of the Board of Trustees at the principal office of the MEBA any and all records, books, documents, monies, and other properties which belong to the MEBA or which were received by such Trustee in his or her capacity as such Trustee.

- 5.14 No vacancy or vacancies in the offices of the Trustees shall impair the power of the remaining Trustees acting in the manner herein provided to administer this MEBA.
- 5.15 The Trustees shall not be compensated for their services by the MEBA, but Trustees shall be reimbursed by the MEBA for all reasonable expenses properly and actually incurred in connection with the performance of their official duties as Trustees, as authorized by the Board of Trustees.

6. POWERS AND DUTIES OF THE BOARD OF TRUSTEES

6.1 The Board of Trustees.

- 6.1.1 The Board of Trustees shall have the power to administer the MEBA 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 Trustees shall have the authority to design alternative benefit plans and schedules of benefits and may at any time upon reasonable notice, amend or modify the existing Health and Welfare Plan(s). In addition, the Board of Trustees shall amend or modify the existing Health and Welfare Plan(s) when the contributions to the MEBA and reserves of the MEBA are insufficient to maintain the plan(s) selected by the parties at the time of negotiations, provided that such action shall not be taken until after the district and the unions are provided at least 45 days advance written notice of such changes and the amount of additional contributions that could avoid such changes. The Board of Trustees 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 Trustee may enter into an agreement with Custodial agent for the purpose of receiving, holding, and disbursing the assets of the MEBA.
- 6.1.3 In furtherance of the administration of the MEBA and Plan(s) the Trustees shall use the Authority of their office:
 - 6.1.3.1 To enter into direct negotiation with local health care providers in order to obtain alternative rates or payment as allowed by Sections 10133, 10401, and 11512 of the California Insurance Code, if such negotiation by the Board of Trustees 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 MEBA;
 - 6.1.3.5 To coordinate with other MEBAs 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 or District representatives.
- 6.1.4 The Board of Trustees shall have power to demand and enforce the prompt payment of contributions to the MEBA, as required by this agreement, the Collective Bargaining Agreements or any other written agreement requiring contributions to the MEBA , delinquent payments, and liquidated damages as provided in Section 4.3, and interest as provided in Section 4.4. If a District defaults in the making of such contributions or payments and it becomes necessary for the Board of Trustees to consult legal counsel with respect thereto, or if the Board of Trustees 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 Trustees in connection with such suit or claim, provided the Board of Trustees prevails in such litigation.
- 6.1.5 The Board of Trustees shall have the power and authority to use and apply the MEBA 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 MEBA, 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 Trustees 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 Trustees, shall be deemed most beneficial, advantageous, and desirable from the standpoint of District contributions and MEBA assets available for such purposes consistent with Section 6.1.1 above.
- 6.1.5.3 To establish and accumulate such reserve funds as the Board of Trustees in its sole discretion deems necessary and desirable for the proper execution of the MEBA.
- 6.1.5.4 To pay all other reasonable, proper, and necessary expenses not specified above, incurred by any Trustees including the cost of defense in litigation arising out of the Trusteeship of this MEBA, 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 MEBA.
- 6.1.5.6 To compromise, settle, or release claims or demands in favor of or against the MEBA on such terms and conditions as the Board of Trustees 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 MEBA 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 MEBA and any other similar trust fund.
- 6.1.6 The Board of Trustees may exercise all rights and privileges granted to the policyholder by the provisions of each contract or policy of insurance which contract or policy of insurance which they may deem necessary or advisable.
- 6.1.7 The Board of Trustees 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 Trustees 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 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 Trustees, in its discretion and consistent with its fiduciary obligations, to be in the best interest of the MEBA and the Employees, judged by the then prevailing business conditions and standards. The Board of Trustees shall have the authority, in respect to any stocks, bonds, or other property, real or personal, held by them as Trustees, to exercise all such rights, lawfully exercised by any person owning similar stocks, bonds, or other property in their own right.

- 6.1.8 The Board of Trustees is authorized, in its discretion by resolution. To allocate to a committee such duties and responsibilities to invest and reinvest such MEBA assets as it shall specify in such allocation.
- 6.1.9 The Board of Trustees 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 MEBA as the Board of Trustees 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 MEBA.
- 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 Trustees shall, from time to time, adopt appropriate investment policies or guidelines.
- 6.1.11 The Trustees may, by resolution, rules and regulations or by provisions of this Agreement, allocate fiduciary responsibility and various administrative duties to committees or subcommittees of the Board of Trustees and the Trustees 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 Trustees may employ or contract as it deems necessary, consistent with the purposes of the MEBA, including but not limited to the services of an individual, firm, or corporation, to be known as the MEBA Administrator who shall, under the direction of the Trustees, or under the direction of any other appropriate committee of the Trustees , administer the office or offices of the MEBA and of the Trustees , 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 MEBA in accordance with the law, assist in the collection of District contributions required to be paid to the

MEBA, 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 Trustees. The MEBA Administrators shall be the Custodian on behalf of the Trustees of all documents and other records of the Trustees and the MEBA.

- 6.1.13 The Trustees and such other employees of the MEBA who handle the monies of the MEBA shall be bonded in such amounts as the Board of Trustees 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 MEBA. The Board of Trustees 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 Trustees may in their discretion, obtain and maintain policies of insurance, to the extent permitted by law to insure themselves, the MEBA as such, as well as employees or agents of the Trustees and of the MEBA, while engaged in business and related activities for and on behalf of the MEBA: (1) with respect to liability as a result of errors or omissions of such Trustee or Trustees, 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 MEBA.
- 6.1.15 The books of account and records of the Board of Trustees, including the books of account and records pertaining to the MEBA, shall be audited at least once a year by a qualified certified public accountant to be selected by the Board of Trustees. The Board of Trustees 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 MEBA and at such other suitable places as the Board of Trustees may designate from time to time. Copies of such statement shall be delivered to the Unions, the District, and each Trustee within thirty (30) days after the statement is prepared and presented to the Board of Trustees.
- 6.1.16 The Board of Trustees 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 question relating to the discharge of its duties and obligations under, or in connection with the administration of the MEBA as to the distribution of assets belonging to the MEBA. Any such determination, decision, or judgment shall be binding upon all parties to, or claiming under this Agreement.

- 6.1.17 The Board of Trustees shall maintain or have maintained suitable and adequate records of and for the administration of the MEBA and Plan(s). The Board of Trustees 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 Trustees for any such information, data, reports, or documents including
- 6.1.18 The Trustees 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 MEBA.
- 6.1.19 The Board of Trustees shall provide periodic reports, not less often than annually, to the Unions and the Trustees which shall include, but not be limited to, investments of MEBA assets, administration of the MEBA, experience factors for MEBA participants covered by this MEBA and other employee benefits ~ or trusts with whom this MEBA has engaged in joint activities, and any reports required by law.
- 6.1.20 In addition to those rights and responsibilities otherwise herein set forth, the Board of Trustees shall have the right to employ or contract for services necessary and appropriate to fulfill the mission of the MEBA.
- 6.1.21 The trustees 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 MEBA.
- 6.1.22 The Board shall endeavor, to the extent reasonably possible, to establish costs and benefit levels which shall be sufficient to last for at least an entire Plan Year.
- 6.1.23 The Board may make any determination of fact necessary or proper to the administration of the Fund or any of its plans of benefits. Further , the Board of Trustees shall have the power to construe and interpret the provisions of this Agreement and all plans adopted pursuant thereto including, but not limited to, questions relating to the eligibility of Participants or Beneficiaries to receive benefits.

6.1.24 To the extent that the Board establishes any self-insured benefit plans, the Board shall have the authority to decide any appeals of the denial of benefits. Such decisions on appeals shall be final and binding on all participants, beneficiaries, and any other interested persons or entities.

6.2 Trustees as Fiduciaries.

6.2.1 The individual Trustees and the Board of Trustees, as whole, shall be "fiduciaries" under California Law.

6.2.2 Other personnel shall be fiduciaries only to the extent that they (a) have discretionary authority or discretionary control respecting management of the Fund or any Plan; (b) exercise any authority or control respecting management or disposition of Trust assets; (c) have any discretionary authority or discretionary responsibility in the administration of any Plan; or (d) render investment advice for a fee or other compensation, direct or indirect, or have any authority or responsibility to do so. Any person or group of persons may serve in more than one fiduciary capacity with respect to the Fund or any Plan.

6.2.3 It is not intended that any Participant, any firm or association representing any Participant, any Labor Organization, or any attorney, accountant, broker, actuary, office personnel, professional administrator or consultant (other than an Investment Manager) shall be a "fiduciary" with respect to the Fund or any Plan simply as a result of performing services for the Fund pursuant to an agreement with the Board Trustees. Therefore, such persons shall not perform acts of the type described in this section would make them fiduciaries, except as specifically authorized by the Board.

6.3 Fiduciary Standards.

All fiduciaries with respect to the Fund or any Plan (whether or not "named fiduciaries") shall discharge their duties solely in the interest and for the exclusive benefit of the Beneficiaries in furtherance of the Trust's purpose and in accordance with the requirements of this Agreement, the Plans and California Law. In so doing, they shall use 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 a like character and with like aims.

6.4 Fiduciary Responsibility to Avoid Conflicts of Interest.

At all times, Trustees shall remain free from any conflicts of interest. Provided that:

- 6.4.1 No Trustee who is also a Beneficiary and otherwise eligible shall be prohibited from receiving benefits under any Plan, but he or she shall not, as a member of the Board of Trustees, act or pass upon any matters pertaining specifically to the benefits provided under the Plan to him or her. or to any other individual however related to him or her.
- 6.4.2 No Trustee who shall be deemed to have a conflict of interest solely as the result of being compensated for services rendered as an employee, officer, or independent contractor of any District or Union.

6.5 Allocation of Fiduciary Responsibilities.

Fiduciary responsibilities may be allocated or delegated as follows, so long as the allocation or delegation meets the fiduciary standards of Section 6.3 and is evidenced by an appropriate resolution of the Board of Trustees:

- 6.5.1 Any responsibility to manage or control Fund or Plan assets may be allocated only among the Board of Trustees and any Fund Custodian and/or Investment Manager.
- 6.5.2 Responsibilities for other matters relating to the Administration of the Fund may be allocated or delegated to the Administrator or any other person, but any Claimant whose claim for benefits is denied shall have the right to have the denial ultimately reviewed by the Board itself, except insofar as claim review. procedures adopted by the Board (in accordance with the practice developed under Section 503 of ERISA) authorize the Administrator or any other person to make a final decision on review.

6.6 Liability of Fiduciaries.

In no event will fiduciaries be liable with respect to a breach of a fiduciary duty if such breach was committed before they became fiduciaries or after they ceased to be fiduciaries. Furthermore, to the fullest extent permitted by applicable law, no fiduciary shall be liable for any act or omission of any other person.

Specifically:

- 6.6.1 If a specific responsibility, obligation or duty relating to control or management of Fund assets is allocated among the Board of Trustees and/or any Fund Custodian or Investment Manager, then one to whom such a function has not been allocated shall not be liable, either individually or as a Trustee, for any loss to the Fund arising from any acts or omissions on the part of those to whom such function has been allocated.
- 6.6.2 Upon the proper allocation or delegation of any other fiduciary responsibility, the Board of Trustees shall not be liable for the acts or omissions of the person or persons to whom such responsibility has been

allocated or .delegated, provided that there has been no violation of the fiduciary standards set forth in Section 6.3 with respect to such allocation or delegation. with respect to the establishment or implementation of procedures relative thereto. nor in continuing the delegation.

- 6.6.3 Nothing in this Section 6.4 shall be construed as limiting fiduciary liability for a breach of fiduciary responsibility of another fiduciary with respect to any Plan if (a) they knowingly participate in or undertake to conceal an act of omission of such other fiduciary, knowing it is a breach; (b) by failing to comply with applicable fiduciary standards in the administration of their fiduciary responsibilities, they enable such other fiduciary to commit a breach; or (c) they have knowledge of a breach by such other fiduciary and fail to make reasonable efforts under the circumstances to remedy the breach.

7. PROCEDURES OF THE BOARD OF TRUSTEES

- 7.1 The Board of Trustees shall determine the time and place for regular periodic meetings of the Board of Trustees. Either the Chairperson or the Co-Chairperson, or any two (2) members of Board of Trustees ma call a special meeting of the Board of Trustees by giving written notice to all other Trustees 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 ordinary mail or by fax transmitted to the Trustees at the phone numbers and addresses of such Trustees as shown in the records of the Board of Trustees. Any meeting at which either all Trustees are present or have waived notice in writing, shall be a valid meeting without the giving of any notice. The Board shall give such public notice as is required by law and shall make meetings open to the public as required by law.
- 7.2 The Board of Trustees shall appoint a Secretary and additional assistants, if necessary, who shall keep minutes or records of all proceedings and acts of the Board of Trustees.
- 7.3 A quorum shall consist of at least six (6) Management Trustees and three (3) CSEA Trustees, and three (3) CTA Trustees.
- 7.4 The Board of Trustees 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 Trustees at a meeting of the Board of Trustees duly and regularly called or except by the signed concurrence of all Trustees without a meeting, as provided in Section 7.7.
- 7.5 The Management Trustees and the Labor Trustees shall act jointly in the administration of this MEBA, it being the intent of the MEBA that there be equal

representation in the administration of the MEBA. 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 Trustees shall be decided by a unit vote, [the Management Trustees being entitled to one (1) vote, and the Labor Trustees being entitled to one (1) vote, respectively. The vote of the Labor Trustees shall be determined by a majority of the Labor Trustees present at any meeting, and the vote of the Management Trustees shall be determined by a majority of the Management Trustees present at any meeting. If the vote among either Labor or Management Trustees 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 Trustees shall be open to interested persons and be held from time to time at a place designated by the Board of Trustees. Unless such place is designated by previous motion of the Board of Trustees, meetings shall be held at the principal office of the MEBA. Closed sessions may be called to deal with areas such as contracts, personnel claims disputes, and litigation.

8. GENERAL PROVISIONS APPLICABLE TO TRUSTEES

- 8.1 Every instrument executed by the Board of Trustees 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 Trustees was duly authorized to execute the instrument or direct its execution.
- 8.2 The duties, responsibilities, liabilities, and disabilities of a Trustee 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 Trustees, to the extent permitted by applicable law, shall incur no liability in acting upon any instrument, application, notice, request, signed letter, telegram, fax, or other paper or document believed by them to be signed by the proper person. Any Trustee, to the extent permitted by applicable law, may rely upon any instrument in writing purporting to have been signed by a majority of the Trustees as conclusive evidence of the fact that a majority of the Trustees 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 Trustees. or any of them, because such Trustees are in any way associated with any of the Districts or the Unions.
- 8.6 The name of the MEBA may be used to designate the Trustees collectively, and all MEBA documents shall be signed by at least one (I) Management Trustee and one (I) Labor Trustee, or by such persons as the Board of Trustees 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 Trustees 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 Trustees, is satisfactory to it or until the Board of Trustees shall have been fully protected against loss by means of such indemnification agreement or bond as the Board of Trustees, in its sole judgement, determines to be adequate.

9. DISPUTE RESOLUTION

- 9.1 In the event of a deadlock of the Management Trustees and the Labor Trustees 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 Trustees and the Labor Trustees shall not be deemed to occur unless and until the matter has been discussed and ;1 tie vote exists during at least two (2) meetings of the Trustees.
- 9.3 A deadlock of the Trustees may occur only upon a tie on the question of the adoption of a motion or resolution. Should one occur, at the request of the Management Trustees or the Labor Trustees, the Board of Trustees shall advise the MEBA Administrator. Within forty-eight hours of the notice of a tie vote, the MEBA Administrator, the Chairperson and the Co-Chairperson shall submit a plan for resolving the matter to the MEBA Trustees. The Trustees shall meet to review the plan within forty-eight hours of receipt.
- 9.4 If, within twenty-four hours, the Trustees are not able to reach agreement on the matter in dispute, the dispute resolution process shall only be implemented if Management or Labor Trustees make a formal request. If the dispute resolution is requested, a three-member factfinding 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 Trustees 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 Trustees and the Labor Trustees. From the panel submitted, the Management Trustees and the Labor Trustees 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 factfinding process shall be in writing. If the Trustees cannot agree upon a written submission statement, the Labor Trustees and the Management Trustees shall each submit their respective statement of the issue or issues in dispute.
- 9.8 In making the decision, the factfinding 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 MEBA or to order a merger with any other fund established for similar purposes as this MEBA.
- 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 Collective Bargaining Agreement, nor shall an arbitrator have the jurisdiction to order the MEBA to take or not take any action.
- 9.10 The recommendation of the factfinding panel shall be advisory to the Trustees for ten days after receipt by the Trustees. During this ten-day period, the Trustees will continue efforts to reach agreement.
- 9.11 If no agreement is reached within ten days, the recommendation of the majority of the factfinding panel shall be implemented, and shall be final and binding upon the Trustees, 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 factfinding panel, including cost of any hearing room and the original reporter's transcript, shall be paid out of the MEBA. The

reasonable costs and expenses incurred in connection with any such arbitration , and preparation thereof by the Management Trustees subject to a maximum of Ten Thousand Dollars (\$10,000.00) reviewed annually, and the Labor Trustees subject to a like maximum shall be reimbursed out of the MEBA. However, no such reimbursement shall be made to Trustees who are affirmatively found by the factfinding panel to have acted in bad faith either in causing the factfinding or in the factfinding proceedings.

- 9.13 In the event the Trustees are unable to agree on a neutral third party within a reasonable time, either the Management Trustees or the Labor Trustees 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 Trustees, shall be governed by the provisions 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.
- 10.2 No Employee or other Participant or Beneficiary shall have any right or claim to benefits under the plan or plans, 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 Trustees 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 MEBA or any of the Trustees. Neither the Districts, the Unions, nor any of the Trustees shall be liable for the failure or omission for any reason to pay any benefits under the Plan(s).
- 10.3 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 person at the last known address as shown in the records of the MEBA, or if sent by telephone facsimile to such person at said last known address.
- 10.4 All Questions pertaining to this Agreement, the MEBA, 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 provisions of this Agreement, the Plan(s), the rules and regulations made pursuant thereto, or any step in the Administration of the MEBA or the Plan(s) is held to be illegal or invalid for any reason, 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 accomplishment of the objectives and purpose of this Agreement or the Plan(s). In the event of any such occurrence, the Board of Trustee will immediately meet and attempt to remedy any such defect.
- 10.6 Except to the extent necessary for the proper administration of the MEBA 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 Trustees. Nothing in this section shall prohibit the preparation and publication of statistical data and summary reports with respect to the operations of the MEBA 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 to be signed by any party thereto; provided, however, that each of said counterparts shall be filed in the principal office of the MEBA.

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 Trustees. Such amendment shall be accompanied by an instrument in writing executed by the Management Trustees and the Union Trustees, reported 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 MEBA, or a District or any other District which becomes obligated to contribute to the MEBA on behalf of any of its employees, shall for any reason cease its participation or whose obligation to contribute to the MEBA ceases, this Agreement and the MEBA created hereunder shall continue for the benefits of all remaining participants, and any remaining employee representatives participating in and Districts obligated to contribute to the MEBA shall continue to maintain the MEBA. Any employee representatives who cease their participation or Districts whose obligations to contribute to the MEBA cease, shall forfeit any and all rights and interest in the MEBA or any of its assets, and shall not be entitled to any share of the reserves maintained by the MEBA upon their withdrawal from participation or upon cessation of their obligation to contribute.

- 11.3 This MEBA may be merged with another fund established for similar purposes as this MEBA, under terms and conditions mutually agreeable to the Boards of Trustees 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 This Agreement shall be effective as of January 1, 2002 ~~1998~~. It is contemplated that collective bargaining agreements shall be entered into continuing the MEBA hereby created and it is intended that this Agreement and the MEBA herein established shall continue in effect indefinitely.
- 11.6 Upon the termination of the MEBA herein provided, any and all monies remaining in the MEBA 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 Section 11.4 above.

EXECUTED as of the day and year first above written.

For the Unions:

Date: _____ California School Employees' Association (CSEA)

By _____

Date: _____ Brea Olinda Teachers' Association/CTA/NEA

By _____

Date: _____ Buena Park Teachers' Association/CTA/NEA

By _____

Date: _____ Capistrano Teachers' Association/CTA/NEA

By _____

Date: _____ Fullerton Elementary Teachers' Association/CTA/NEA

By _____

Date: _____ Fullerton Secondary Teachers' Organization/CTA/NEA

By _____

Districts:

Date: _____ Brea Olinda Unified School District

By _____

Date: _____ Buena Park School District

By _____

Date: _____ Capistrano Unified School District

By _____

Date: _____ Fullerton School District

By _____

Date: _____ Fullerton Joint Union High School District

By _____

Union Trustees:

Date: _____
Trustee Appointed by
Brea Olinda Teachers' Association/CTA/NEA

Date: _____
Trustee Appointed by
Buena Park Teachers' Association/CTA/NEA

Date: _____
Trustee Appointed by
Capistrano Teachers' Association/CTA/NEA

Date: _____
Trustee Appointed by
Fullerton Elementary Teachers' Association/CTA/NEA

Date: _____

Trustee Appointed by
Fullerton Secondary Teachers' Organization/CTA/NEA

Date: _____

Trustee Appointed by
CSEA Chapter #569 Buena Park School District

Date: _____

Trustee Appointed by
CSEA Chapter #207 Brea Olinda Unified School District

Date: _____

Trustee Appointed by
CSEA Chapter #130 Fullerton School District

Date: _____

Trustee Appointed by
CSEA Chapter #82 Fullerton Joint Union High School District

Date: _____

Trustee Appointed by
CSEA Chapter #___ Capistrano Unified School District

District Trustees:

Date: _____

Trustee Appointed by Brea Olinda Unified School District

Date: _____

Trustee Appointed by Brea Olinda Unified School District

Date: _____

Trustee Appointed by Buena Park School District

Date: _____

Trustee Appointed by Buena Park School District

Date: _____

Trustee Appointed by Capistrano Unified School District

Date: _____

Trustee Appointed by Capistrano Unified School District

Date: _____

Trustee Appointed by Fullerton School District

Date: _____

Trustee Appointed by Fullerton School District

Date: _____

Trustee Appointed by Fullerton Joint Union High School District

Date: _____

Trustee Appointed by Fullerton Joint Union High School District