
**RESTATED
JOINT POWERS AGREEMENT
OF
THE ORGANIZATION OF SELF-INSURED SCHOOLS (“OSS”)
EFFECTIVE JULY 1, 2005**

THIS RESTATED JOINT POWERS AGREEMENT amends and restates that certain Agreement captioned “Organization of Self-Funded Insured Schools Joint Exercise of Powers Agreement to Establish, Operate, and Maintain a Self-Funded Program for Property/Casualty Insurance” effective April 1, 1986, and April 27, 1993.

THIS AGREEMENT is entered into pursuant to the provisions of Title I, Division 7, Chapter 5, Article 1 (commencing at Section 6500) of the California Government Code, relating to the joint exercise of powers, by and between the public education agencies (hereinafter referred to as “District” or “Districts”) signatories hereto, and also those public education agencies which may hereafter become a signatory hereto, for the purpose of operating an agency to be known and designated as the “Organization of Self Insured Schools” hereinafter designated as “OSS” or the “Authority”. The districts which are signatory hereto are hereinafter collectively referred to as “Members” and any one of them is hereinafter referred to as a “Member.”

WHEREAS, it is to the mutual benefit of the parties herein subscribed and in the best public interest of said parties of joining together to establish this Joint Powers Agreement to accomplish the purposes hereinafter set forth; and

WHEREAS, the development, structure and implementation of such an Authority is of such magnitude that it is desirable for the Members to join together in this Joint Powers Agreement in order to accomplish the purposes

hereinafter set forth; and

WHEREAS, the signatories hereto have determined that there exists a need for Members to establish and operate a self-insurance program for property/casualty; and

WHEREAS, it has been determined by such signatories that self-insurance for property/casualty is of value on an individual and mutual basis; and

WHEREAS, a self-insurance system for property/casualty can adequately serve the needs of all such signatories; and

WHEREAS, a self-insurance system by the signatories is authorized by Government Code Section 990.4; and

WHEREAS, Title I, Division 7, Chapter 5 of the California Government Code authorizes two or more public agencies to agree to the joint exercise of any power common to them;

WHEREAS, it is the desire of the signatories hereto to jointly provide for a self-insurance program for property/casualty for their mutual advantage and concern; and

WHEREAS, it is the desire of the signatories hereto to study and possibly incorporate other forms of risk management into a self-insurance program such as that described herein.

NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions herein, and in consideration of the execution of this Agreement by other public education agencies, each of the parties hereto agrees as follows:

1. DEFINITIONS.

“AUTHORITY” shall mean the Organization of Self-Insured Schools, which was created by this Agreement.

“BOARD OF DIRECTORS” or “BOARD” shall mean the governing

body of the Authority.

“CLAIM FUND” or “FUND” shall mean the fund established and maintained out of the Members’ contributions to the Authority.

“CLAIMS ADJUSTER” shall mean a claims adjuster as may be engaged by the Board of Directors for the purpose of determining losses and payments with respect to the Claims Fund.

“CONTRIBUTION” shall mean money, including, but not limited to, deposit premiums and special assessments, paid by a Member to the Authority in return for the handling of property/casualty claims.

“EMPLOYEE” shall have the same meaning as provided by Division 3, Part 1, Chapter 1, Article 2 (Section 3350, et seq.) of the California Labor Code, as may be amended.

“EXECUTIVE COMMITTEE” shall mean the Executive Committee of the Board of Directors of the Authority.

“GOVERNMENT CODE” shall mean the California Government Code.

“JOINT POWERS LAW” shall mean Title I, Division 7, Chapter 5, Article 1, (commencing with Section 6500) of the Government Code.

“LOSS REPORTS” shall mean a report showing a Member’s property/casualty claims in detail including current status.

“MEMBER” shall mean any public education agency which, through the membership of its representatives in OSS, has executed this Agreement and become a member of the Authority.

“OSS” shall mean the Organization of Self-Insured Schools.

“PUBLIC EDUCATION AGENCY” shall mean a School District, Community College District, Regional Occupational Center or program or County Board of Education or Superintendent of Schools.

“RESERVES” shall mean that part of the Member’s contribution held by the Authority to make future liability and property payments as respects claims that have been incurred but are unpaid.

“SELF-INSURANCE” (permissively uninsured) shall mean setting aside funds to pay for losses not covered by insurance.

“TRUST FUND” shall mean a trust fund which may be established pursuant to Education Code Section 39602.

2. CREATION OF THE AUTHORITY.

Pursuant to Title I, Division 7, Chapter 5, Article 1 (commencing at Section 6500) of the California Government Code, the parties to this Agreement hereby create a public agency, separate and apart from the parties hereto, to be known as the Organization of Self-Insured Schools (OSS). OSS shall become an effective governmental unit as provided herein after the final date of execution of this Agreement by all the parties hereto as attested by the signatures on the final pages hereof, and it shall continue in effect until lawfully terminated.

3. PURPOSES OF THE AUTHORITY.

The Authority is established for the purposes of administering this Agreement, pursuant to the joint powers provisions of the California Government Code, and for the purpose of providing the services and other items necessary and appropriate for the establishment, operation and maintenance of a self-funded program for property/casualty claims against the Districts who are Members thereof, and to provide a forum for discussion, study, development and implementation of recommendations of mutual interest regarding self-insurance for property/casualty claims.

4. POWERS OF THE AUTHORITY.

The Authority shall have the power and authority to exercise any power common to the Members that are parties hereto, and to take all actions

necessary to carry out the functions and objectives of this Agreement. Said powers shall be exercised in the manner provided in the law and, except as expressly set forth herein, shall be subject only to such restrictions upon the manner of exercising such powers as are imposed upon Members in the exercise of similar powers.

5. FUNCTIONS OF THE AUTHORITY.

The functions and powers of the Authority shall include the following:

a. To provide a self-insurance plan and system for property/casualty claims against the Members of the Authority and as such, to perform, or contract for the performance of, the financial administration, policy formulation, claim service, legal representation, safety engineering, and other development as necessary for the payment and handling of all property/casualty claims filed and arising out of facts occurring during the period of membership in the Authority. The Authority shall not pay or handle for a Member any property/casualty claims which arise out of facts occurring before membership or after termination of membership in this Authority.

b. To provide all Members coverage for all liability required under California Education Code Section 35208 and California Government Code Part 6, Section 990, and such other areas of coverage as the Board of Directors may determine.

c. To pursue any Member's right of subrogation or third party liability when, in the discretion of the Board, the same is appropriate. Any and all proceeds resulting from the assertion of such subrogation rights or third party claim shall accrue to the benefit of the Authority.

d. To enter into contracts.

e. To obtain excess coverage insurance in an amount to be

determined by the Board. Members may purchase excess coverage which exceeds the limits obtained by the Board.

f. To acquire, hold and dispose of property, real and personal, all for the purpose of providing the membership with the necessary education, study, development, and implementation of a self-funded program for property/casualty claims, including, but not by way of limitation, the acquisition of facilities and equipment, the employment of personnel, and the operation and maintenance of a system for the handling of the self-funded plan.

g. To incur debts, liabilities, and obligations necessary to accomplish the purposes of this Agreement.

h. To receive gifts, contributions, and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, associations, and any governmental entity.

i. To invest surplus reserve funds as deemed appropriate by the Board of Directors.

j. To provide a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding other programs of self-insurance.

k. To sue and be sued in the name of the Authority.

l. To perform such other functions as may be necessary or appropriate to carry out this Agreement, so long as such other functions so performed are not prohibited by any provision of law.

m. To establish and maintain a fund to pay self-funded losses.

n. To study and investigate other self-funded programs for different kinds of risk management.

6. TERM OF THE AGREEMENT.

This Agreement shall be effective when executed by all parties shown on the signature pages hereof and shall continue in effect until lawfully terminated. In the event of a reorganization of any Member participating in this Agreement, the successor(s) in interest to the obligations of such reorganized Member shall be substituted as a party to this Agreement.

7. AUTHORITY MEMBERSHIP.

a. Each party to this Agreement shall become a member of the Authority upon the effective date of this Agreement. Each Member of the Authority shall be entitled to the rights and privileges of membership as provided in this Agreement and in any Bylaws hereinafter adopted by the Authority.

b. Upon the formal approval of two-thirds (2/3) of the Board, any district that desires to join the Authority may become a member hereof by executing a copy of this Agreement whereby said district agrees to comply with the terms of this Agreement and any Bylaws hereinafter adopted by the Authority. The Board shall determine the effective date of such membership. The rights and benefits of such subsequent members may be limited as provided in this Agreement or any such Bylaws.

c. The Authority shall have discretion to develop, in its Bylaws, terms and conditions upon which probationary members may be admitted.

8. AUTHORITY BOARD.

The Authority shall be under the direction and control and shall be governed by a governing board of directors (hereinafter referred to as the "Board"). Each Member of the Authority shall be entitled to appoint to the Board of Directors a representative per 4000 a.d.a., or fraction thereof, as stated on the most recent P-2 report, and two alternates who shall be designated in writing. Said representative(s) and said alternates must be employees or governing

board members of the Member. Only the designated representative(s) or designated alternates may represent a Member, and each shall be invited to attend all meetings of the Board of Directors. The designated representative(s) and designated alternates may invite members of their agency's staff or consultants to attend meetings of the Board of Directors in an advisory capacity.

Each representative who is in physical attendance or the designated alternate who is in physical attendance, if the designated representative is absent, shall have one vote. No proxy or absentee votes shall be permitted. Except as otherwise provided in the Bylaws, a vote of a majority of those Members present at a meeting shall be sufficient to constitute action, provided that a quorum is present.

Members of the Board shall be appointed by and shall serve at the pleasure of the governing board of the Member Districts which they represent. No one serving on the Board shall receive any salary or compensation from the Authority.

9. BYLAWS.

a. The Authority shall be governed pursuant to this Agreement and the Bylaws, a copy of which is incorporated herein by reference, and by such amendments to the Bylaws as may from time-to-time be adopted. Wherever in this Agreement "Bylaws" are referred to, said Restated Bylaws shall be those set forth above, as may be amended. Each party to this Agreement agrees to comply with and be bound by the provisions of said Bylaws and further agrees that the Authority shall be operated pursuant to this Agreement and said Bylaws.

b. Procedures for amending the Bylaws shall be as provided in the Bylaws so long as not inconsistent with this Agreement. All amendments must be approved by a two-thirds (2/3) vote of the Board of

Directors before the amendment shall become effective. Such amendments shall be binding upon all Members of the Authority. The effective date of any amendments shall be on April 1, following adoption, unless otherwise stated.

10. POWERS AND DUTIES OF THE BOARD.

The Board shall have the authority and the duty to exercise the powers of the Authority as set forth in Paragraphs 4 and 5 above. In addition, the Board is specifically empowered to:

- a. Form an Executive Committee as provided in Paragraph 12.
- b. Provide for the management and administration of the Authority in a manner that is in the best interest of the Authority. This power shall include the power to employ and terminate a management firm or other staff for such purpose.
- c. Determine annual contribution rates and the method by which such contributions will be paid to the Fund pursuant to this Agreement.
- d. Provide for additional assessments during the year, if necessary, to allow for increased cost due to changes in the law or excessive claims cost.
- e. Determine whether and by what method districts shall be allowed into the Authority consistent with the terms of Paragraph 7 of this Agreement.
- f. Appoint and dissolve working committees from its active membership or by contracting for such services, consistent with the terms of this Agreement.
- g. Insure that a complete and accurate system of accounting of the Fund is maintained at all times as set forth in Paragraphs 13 and 14 of this Agreement.
- h. Determine the manner in which claims shall be

processed, taking into consideration that such processing shall be in conformity with all provisions of law presently in effect or to be hereafter enacted.

i. Elect, at its first regular meeting, a chairperson, a vice-chairperson, a secretary and a chief financial officer to serve as officers of the Board for terms of one (1) year, or until their successors are elected. The Board shall fill vacancies for unexpired terms by election.

j. Maintain or cause to be maintained accurate records for all risks insured against, and accurate case records of all claims paid. Loss reports shall be forwarded to Members on at least a quarterly basis. The Board shall also provide for loss control services.

k. Enter into contracts consistent with the terms of this Agreement.

l. Receive, accept, expend and disburse funds for purposes consistent with the terms of this Agreement.

m. Make appropriate periodic reports to the Members on the status of the Authority and its program.

n. Develop or cause to be developed, and adopt an annual budget for the Authority

o. Establish, in its discretion, a reserve account to be funded by a terminating or withdrawing Member, for all pending claims and for each incurred but unreported claim against the terminating and/or withdrawing Member in an amount to be determined by the Board of Directors; provided, however, that such amount shall be no less than \$50,000.00. The amount of the reserve account shall be set by the Board of Directors and shall be based on the historical claims history of such Member as well as on any knowledge of any potential major claims which exceed the amount of coverage provided by any third party payor. Said reserve account may also include an allowance for the

cost of carrying any payments made by the Authority during any period of time prior to the payment of the reserve account amount by the Member.

p. Perform any and all other functions necessary to accomplish the purposes of this Agreement.

11. MEETINGS OF THE BOARD.

a. The Board shall provide for its regular, adjourned regular and special meetings; provided however, that the Board shall hold at least one (1) regular meeting each year. Other scheduled meetings may be canceled if deemed necessary by a majority vote of the Board. The date, time, and place for regular meetings shall be fixed by resolution of the Board and a copy of such resolution shall be filed with each Member. The place of regular meetings shall be a public building or other place designated by the Board. Special meetings may be called upon the request of the chairperson or the majority of the Board.

b. The secretary of the Board shall cause minutes of all meetings to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Board and to each Member.

c. All meetings of the Board shall be called, noticed, held and conducted in accordance with the provisions of the Brown Act (commencing with Section 54950 of the California Government Code)

d. Twenty-five percent (25%) of the Board membership present at a duly scheduled meeting shall constitute a quorum for the transaction of business.

12. EXECUTIVE COMMITTEE.

The Board of Directors shall, in its Bylaws, establish an Executive Committee of the Board which shall consist of a maximum of eleven (11)

directors who shall have such duties and powers as may be prescribed by the Bylaws of the Board. The Executive Committee shall include at least one (1) representative each from the following Members: Kings Canyon Unified School District; Central Unified School District; Selma Unified School District; Kerman Unified School District; and one director from an elementary school district, and six (6) at large members. If additional members are appointed to the Executive Committee, all such additional members shall be selected by the Board of Directors from the remaining Members of the Authority. Members shall serve until their successors are duly elected.

The Executive Committee shall conduct the business of the Authority between meetings of the Board. The Board may delegate to the Executive Committee and the Executive Committee may discharge any powers or duties of the Board except adoption of the Authority's annual budget. The powers and duties so delegated shall be specified in the Bylaws of the Authority or in a resolution adopted by the Board. It shall provide for such other regular and special meetings as it deems necessary.

13. ACCOUNTS AND RECORDS.

a. The Fresno County Auditor/Controller is the designated depository of the Authority.

b. The Authority is strictly accountable for all funds received and disbursed by it and, to that end, the Authority shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of law or any resolution of the Authority. Books and records of the Authority in the hands of the chief financial officer shall be open to inspection at all reasonable times by the representatives(s) of the parties to this Agreement. The Authority, as soon as practical after the close of each fiscal year, shall give, or cause to be given, a complete written report of all

financial activities for such fiscal year to each member of the Board of Directors and to the chief administrative officer of each Member of the Authority.

c. The Board may establish a trust account into which may be deposited such sums as may be required to maintain a balance which is the greater of \$50,000 or the amount required for the settlement of claims for the ensuing thirty (30) day period. A service company or management firm contracted to administer the self-funded program covered by this Agreement may execute and issue checks drawn on such trust account in payment of claims. A monthly accounting of all checks drawn on such account shall be obtained by the chief financial officer from such company.

d. The chief financial officer of the Authority shall be bonded in an amount determined by the Board and shall assume the duties described in California Government Code Section 6505.5 as well as other duties assigned by the Board. Such duties shall include, but shall not necessarily be limited to the following:

(1) Receive and receipt for all money of the Authority and place it in the County Treasury to the credit of the Authority, or in a trust account created by the Authority pursuant to Paragraph 13 (c) above.

(2) Be responsible upon an official bond for the safekeeping and disbursement of all Authority money so held by the chief financial officer.

(3) Pay, when due, out of money of the Authority so held, all sums payable by the Authority, such payment to be made only upon warrants drawn and signed by the Superintendent of Schools of Fresno County, or upon checks drawn upon a trust account created pursuant to Paragraph 13 (c) above.

(4) Verify and report in writing on the first day of July, October, January, and April of each year to the Board and to the Members the amount of money being held for the Authority, the amount of receipts since the chief financial officer's last report, and the amount paid out since the last report.

e. The Board shall contract with a Certified Public Accountant or Public Accountant to make an annual audit of the accounts and records of the Authority. In each case, the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a Certified Public Accountant or Public Accountant, a report thereof shall be filed as a public record with each of the Members of the Authority, the Auditor-Controller of Fresno County, and the Superintendent of Schools of Fresno County. Such report shall be filed within twelve (12) months of the end of the fiscal year under examination. Any costs of the audit, including contract with, or employment of, Certified Public Accountants, or Public Accountants, in making the audit(s) provided for above, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available to pay such demands. Government Code Section 6505.

f. The Authority shall draw warrants to pay demands against the Authority when such demands have been duly approved by the Executive Committee or its designee.

14. FINANCE.

a. Each Member shall pay to the Authority each fiscal year the annual premium calculated by the Board, and as set forth in the Bylaws.

b. The Authority shall operate on a fiscal year from July 1 to June 30.

c. The Authority shall have the power, authority and duty to handle all aspects of the property/casualty claims against Members arising out of acts occurring during membership.

d. Without in any way limiting the powers otherwise provided for in this Agreement or by statute, the Authority shall have the power and authority to receive, accept, and utilize the services of personnel offered by any Members or their representative or agents; to receive, accept, utilize, or dispose of real or personal property, from any Member or its agents or representatives; to receive, to hold, dispose of, construct, operate and maintain buildings and other improvements; and to receive, accept, expend, and disburse funds by contract or otherwise, for purposes consistent with the provisions of the Authority, which funds may be provided by any Members or their agents or representatives.

e. The Authority may accept and deposit in the Authority's Fund monies from any of the following sources:

- (1) Interest and other investment income;
- (2) Refund of excess property/casualty insurance premiums;
- (3) Property/casualty subrogation recoveries;
- (4) Grants from any agency or private company.

f. Should property/casualty claims against all Members exceed the total yearly premiums, each Member may be assessed by the Board an additional amount based upon the percentage of yearly premiums paid by each Member relative to the total yearly premiums paid by all Members. Each Member hereby agrees to pay all assessments after written notification from the Board.

g. An Operating Fund shall be established and maintained out of Member contributions, and shall be for the purpose of paying for the following:

1. Insurance premiums.
2. Claims management expenses.
3. Salaries of administrators, if any.
4. Safety Engineering.
5. Data processing.
6. Investigative costs.
7. Legal costs.
8. Miscellaneous operating expenses.

h. A Claim Fund shall be established and maintained out of the Members' contributions and shall be solely for the purpose of paying property/casualty claims, except that the Board may authorize a transfer from this fund to the operating fund to cover unexpected expenses. The Claim Fund shall be the repository of the "reserves" to be used for future property/casualty payments.

i. A Trust Fund may be established consistent with Paragraph 13(c) of this Agreement and Education Code Section 39602 for the purposes allowed by law.

j. The Authority shall have the authority to seek and recover subrogation or third party liability monies wherever possible. Such money shall be deposited in the Claim Fund.

k. The Authority shall be authorized to conduct or cause to be conducted any necessary verifications or audits.

15. INVESTMENT OF SURPLUS FUNDS (Claims Fund).

The Authority shall have the power to invest or cause to be invested in compliance with Sections 6509.5 and 6505.5 of the California Government Code, such reserves as are not necessary for the immediate operation of the

Claims Fund in such securities as allowed by Section 53601 of the California Government Code.

The level of cash to be retained in the Operating Fund and Claims Fund shall be determined by the Board, in consultation with any expert hired for that purpose.

16. LIABILITY OF MEMBERS. BOARD MEMBERS. OFFICERS AND COMMITTEE MEMBERS.

a. The debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of the Members. Any Member may separately contract for, or assume responsibility for, specific debts, liabilities or obligations of the Authority. Pursuant to Section 895.2 of the Government Code, the Members may be jointly and severally liable for any liability which is imposed by any law for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement. In the event that such liability arises out of a negligent or wrongful act or omission with respect to an insurance program, the Members hereby provide, pursuant to Section 895.6 of the Government Code, that such liability shall be borne by the Members participating in such insurance program in the same proportion as annual premiums (including any assessments) of the insurance program are allocated among such participating Members on an annual basis for the Plan Year in which the liability is determined. In the event a Member is held liable upon any judgment for damages caused by such an act or omission and makes payment in excess of its proportional share as determined in the preceding sentence, such Member is entitled to reimbursement from each of the other Members which have not paid their proportional share.

b. The members of the Board, officers and committee members of the authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. They shall not be liable for any

mistake of judgment or any other action made, taken or omitted by them in good faith, nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of Authority funds, or failure to invest. No director, officer or committee member shall be responsible for any action taken or omitted by any other director, officer or committee member. No director, officer or committee member shall be required to give a bond or other security to guarantee the faithful performance of his or her duties pursuant to this Agreement.

c. To the extent practicable, the Authority shall insure itself and the parties hereto against loss, liability, and claims arising Out of or in any way connected with this Agreement.

17. WITHDRAWAL AND REMOVAL.

a. Any Member having completed three (3) complete, consecutive years as a party to this Agreement may withdraw from its status as a Member on such terms as are proscribed in the Bylaws of the Authority.

b. Any Member desiring to withdraw from the Authority shall, by action of its governing board so indicate by written notice to the Board by December 31st. Withdrawal is effective the following June 30th on the terms set forth in the Bylaws.

c. The Board shall review the financial solvency of the Authority at least once a year.

d. This Agreement may be terminated at the end of any fiscal year by the affirmative action of the majority of the Board, provided that:

1. Such affirmative action is taken on or before March 1 of that fiscal year; and,

2. All outstanding obligations of the Authority have been resolved or a paid-up contract has been entered into removing any further obligation from the Authority; and

3. Said contract may be for the individual Member to accept responsibility for any outstanding claims.

e. No assets may be divided or returned until all outstanding obligations of the Authority have been resolved as set forth above and at that time disposition of assets will be made in proportion to the total premiums paid of the then participating districts.

18. DISPOSITION OF PROPERTY AND FUNDS.

a. In the event of the dissolution of the Authority, the complete rescission, or other final termination of this Agreement by all Members, or other agencies then a party hereto, any property interest remaining in the Authority following a discharge of all obligations shall be disposed of as provided in the Bylaws hereinafter adopted by the Authority.

b. In the event a Member withdraws from this Agreement, any property interest of that Member remaining in the Authority following discharge of all obligations attributable to that Member and its officers and employees shall be disposed of as provided by such Bylaws.

c. "Obligations" as referred to herein, shall include but not be limited to, all payments required by law, together with all reserves which have been established for the purpose of paying claims together with any other legal obligations incurred by the Authority pursuant to this Agreement.

19. ADDENDA PROVISION.

Additional types of risk management may become a part of this Agreement. Each additional type of risk management shall be set up in a separate fund. Any such separate fund shall be established through an addendum to this Agreement as provided for in any Bylaws hereinafter adopted by the Authority.

20. AMENDMENTS.

This Agreement may be amended by written agreement signed by all Members; provided that if two-thirds (2/3) of the Members agree in writing to an amendment, the other parties must also agree to said amendment or they may be involuntarily terminated as parties to this Agreement as provided by any Bylaws hereinafter adopted by the Authority.

21. SEVERABILITY.

Should any portion, term, condition or provision of this Agreement be determined by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, or provisions shall not be affected thereby, and as necessary to fulfill the purpose of this Agreement, the remaining portions shall be construed as a whole and not strictly, but liberally interpreted in order to carry out the purposes of this Agreement.

22. ENFORCEMENT.

The Authority is hereby given authority to enforce this Agreement. In the event suit is brought upon this Agreement by the Authority and judgment is recovered against a Member, the Member shall pay all attorneys' fees and costs incurred by the Authority.

23. RULES AND GOVERNING LAW

This Agreement shall be construed and enforced in accordance with the laws of the State of California.

24. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding on and shall inure to the benefit of the parties to this Agreement and to their respective heirs, legal representatives, successors and assigns.