

APR 14 2008

- C. In providing the Services, Keenan shall act exclusively in an advisory and consultative capacity. Client shall at all times have the right to determine whether to act on or implement the information, recommendations, and suggestions provided by Keenan, and the manner by which any such action or implementation shall be undertaken. Except for Keenan's responsibilities with respect to funds obtained from or on behalf of Client, Keenan shall not be a fiduciary of Client.
- D. Keenan shall not provide any legal, tax, or accounting service, advice, or opinion, and the Services shall not be interpreted as representing any such service, advice or opinion. Client's shall consult its own attorney on all legal issues and its own tax and accounting experts on all tax, accounting, and financial matters relating to its operations, including without limitation, the establishment, implementation and operation of the Plans.
- E. In providing its Services, Keenan shall comply with all applicable state and federal laws and regulations, and obtain and maintain all necessary licenses, registrations, and/or permits necessary for the performance of its duties under this Agreement.
- F. The Services provided to Client are non-exclusive and Keenan reserves the right to provide the same or similar services to other clients who may be in the same industry, business, or service as Client.

3. **CLIENT'S DUTIES AND RESPONSIBILITIES**

- A. Client shall retain decision-making authority for its Plans, and shall manage the day-to-day activities of the Plans, except for those duties and/or functions expressly assigned to Keenan under this Agreement.
- B. Client shall provide Keenan with timely access to such information and individuals, including its outside advisors and consultants, as may be necessary for Keenan to perform the Services. Keenan shall not be responsible for any delay in its performance that results from the failure of Client, or any person acting on behalf of Client, to make available any information or individual in a timely manner.
- C. All information provided to Keenan, either in anticipation of or during the term of this Agreement, shall be complete and accurate, and that Keenan may rely upon such information.
- D. If Client desires Keenan to obtain insurance quotes on its behalf, Client shall execute the Broker of Record Designation attached hereto as Exhibit B.

APR 14 2008

4. COMPENSATION

- A. Keenan's fees for the Services rendered pursuant to this Agreement as provided in the attached Exhibit C. Any Services provided to Client that are outside of or in addition to those described in Exhibit A-1 and A-2 shall be subject to additional fees.
- B. It is possible that Keenan may also provide services to other entities that participate in or provide services to the Plans (such as management services, underwriting, marketing, claims administration, loss control services, obtaining other insurance and reinsurance). To the extent that such services are provided, Keenan will be separately compensated by the recipient of those services.
- C. Consistent with industry practices, insurers may also pay insurance brokers, such as Keenan, indirect compensation based upon volume efficiencies, client renewals, marketing services, product development, technology investments and other additional services. Keenan seeks written assurances from insurers that any such indirect compensation will not adversely impact the pricing or coverage terms that Keenan is able to obtain for its clients. The parties agree that any indirect compensation shall not be considered part of Keenan's "commissions" as that term may be used elsewhere in this Agreement.
- D. Keenan shall comply with all applicable state and/or federal laws and regulations regarding disclosure of compensation. We embrace industry efforts for transparency and believes it is important that clients have access to information that may be relevant to their choice of insurance products, including the cost of such insurance and services, and, the compensation that may be directly or indirectly paid to Keenan in connection with the products or services that are selected. If you have questions regarding any of these items or desire additional information, you may contact your Keenan account representative to discuss this matter in more detail.

5. INSURANCE

Keenan shall procure and maintain during the term of this Agreement the following insurance coverage's, and shall provide certificates of insurance to Client upon Client's request.

- i. Workers' Compensation: Coverage in conformance with the laws of the State of California and applicable federal laws;
- ii. General Liability: Coverage (including motor vehicle operation) with a One Million Dollar (\$1,000,000) limit of liability for each occurrence and a Two Million Dollar (\$2,000,000) aggregate limit of liability; and
- iii. Errors and Omissions: Coverage with a One Million Dollar (\$1,000,000) limit of liability for each occurrence and a Two Million Dollar (\$2,000,000) aggregate limit of liability.

APR 14 2008

6. INDEMNIFICATION

If either party breaches this Agreement, then the breaching party shall defend, indemnify and hold harmless the non-breaching party, its officers, agents and employees against all claims, losses, demands, actions, liabilities, and costs (including, without limitation, reasonable attorneys' fees and expenses) arising from such breach. In addition, if Keenan (i) becomes the subject of a subpoena or is otherwise compelled to testify or (ii) becomes the subject of a claim, demand, action or liability brought or asserted by one of Client's employees, Plan beneficiaries, or Plan vendors ("Third-Party Demand") relating to the Services and such Third-Party Demand is not a direct result of Keenan's gross negligence or willful misconduct, then Client shall defend, indemnify and hold Keenan harmless from all losses, payments, and expenses incurred by Keenan in resolving such Third-Party Demand.

7. LIMITATION OF LIABILITY

Notwithstanding anything to the contrary in this Agreement, in no event shall either party be liable for any punitive damages, fines, penalties, taxes or any indirect, incidental, or special damages incurred by the other party, its officers, employees, agents, contractors or consultants whether or not foreseeable and whether or not based in contract or tort claims or otherwise, arising out of or in connection with this Agreement even if advised of the possibility of such damage. Keenan's liability under this Agreement shall further be limited to, and shall not exceed, the amount of its available insurance coverage, but not exceeding the limits of coverage outlined in Section 5.

8. DISPUTE RESOLUTION

- A. Disputes arising out of or relating to this Agreement, other agreements between the parties, or any other relationship involving Client and Keenan (whether occurring prior to, as part of, or after the signing of this Agreement) shall first be resolved by good faith negotiations between representative of the parties with decision-making authority. If either party determines that the dispute cannot be resolved through informal negotiation then the dispute shall be submitted to non-binding mediation. The site of the mediation and the selection of a mediator shall be determined by mutual agreement of the parties. If the dispute is not resolved through mediation within sixty (60) days following the first notification of a request to mediate, then either party shall have the right to require the matter to be resolved by final and binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, or such other arbitration procedures as may be agreed to in writing by the Parties. Negotiation, mediation, and arbitration shall be the exclusive means of dispute resolution between Client and Keenan and their respective members, agents, employees and officers.
- B. Arbitration shall be before a single arbitrator in the County of Los Angeles, California. The Arbitrator shall apply the Federal Arbitration Act and California substantive law, and shall accompany the award with a reasoned opinion. The arbitrator shall have no authority to award punitive or other damages not measured by the prevailing party's actual damages. The prevailing party shall be entitled to an award of reasonable attorneys' fees. A judgment of any court having jurisdiction may be entered upon the award.

APR 14 2008

- C. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy under this Agreement, seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitral tribunal (or pending the arbitral tribunal's determination of the merits of the controversy).

9. TERMINATION

- A. This Agreement may be terminated upon the occurrence of any of the following events:
- i. By either party upon the dissolution or insolvency of a party to this Agreement;
 - ii. By either party following the filing of a bankruptcy petition by or against either party (if the petition is not dismissed within sixty (60) days in the case of an involuntary bankruptcy petition);
 - iii. If the application of any law, rule, regulation, or court or administrative decision prohibits the continuation of this Agreement or would cause a penalty to either party if the Agreement is continued, and if the Agreement cannot be amended to conform to such law, rule, regulation, or court or administrative decision in a manner that would preserve the original intent of the parties with respect to their rights and duties under this Agreement; or
 - iv. By the non-breaching party if a breach of this Agreement is not cured within thirty (30) days following receipt of written notice of the breach from the non-breaching party;
- B. In the event of termination pursuant to Section 9A above, Keenan shall be paid for the full value of its services through the date of termination.

10. GENERAL

- A. This Agreement, its recitals and all exhibits attached to the Agreement contain the entire understanding of the parties related to the subject matter covered by this Agreement and supersede all prior and collateral statements, presentations, communications, reports, agreements or understandings, if any, related to such matter(s).
- B. The obligations set forth in this Agreement other than Keenan's obligation to perform the Services and Client's responsibility to pay for such services shall survive the expiration or termination of this Agreement. Nothing in this Section 10 B shall, however, be interpreted as relieving Client of its obligation to pay for any Services rendered by Keenan during the term of this Agreement.
- C. This Agreement is made for the benefit of the parties and is not intended to confer any third party benefit or right. The enforcement of any remedy for a breach of this

APR 14 2008

Agreement or claim related to the Services may only be pursued by the parties to this Agreement.

- D. No modification or amendment to this Agreement shall be binding unless it is in writing and signed by authorized representatives from both parties. Any waiver or delay by a party in enforcing this Agreement shall not deprive that party of the right to take appropriate action at a later time or due to another breach. This Agreement shall be interpreted as if written jointly by the parties.
- E. Any provision determined by a court of competent jurisdiction to be partially or wholly invalid or unenforceable shall be severed from this Agreement and replaced by a valid and enforceable provision that most closely expresses the intention of the invalid or unenforceable provision. The severance of any such provision shall not affect the validity of the remaining provisions of this Agreement.
- F. Neither party shall be liable or deemed to be in default for any delay or failure in performance under this Agreement resulting, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, power outages, failure of computer systems, machinery or supplies, vandalism, strikes, or other work interruptions, or any similar or other cause that is beyond the reasonable control of either party. Each party shall make a good faith effort to perform under this Agreement in the event of any such circumstances, and shall resume full performance once the cause of the delay has abated.
- G. All notices hereunder shall be in writing and sent to the parties at the addresses as set forth below, or to such other individual or address as a party may later designate. Notices shall be sent via personal delivery, courier service, United States mail (postage pre-paid, return receipt requested), express mail service, electronic mail, or fax. Notice shall be effective when delivered, or if refused, when delivery is attempted. Notices delivered during non-working hours shall be deemed to be effective as of the next business day.

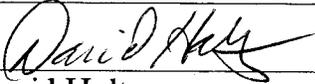
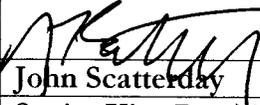
If the notice relates to a legal matter or dispute, a copy shall be sent to:

Keenan and Associates
2355 Crenshaw Blvd., Ste. 200
Torrance, CA 90501
Attn: Legal Department

- H. This Agreement may be executed in counterparts and by fax signatures and each shall be deemed to be an original.

APR 14 2008

- I. Each person signing this Agreement on behalf of a party represents and warrants that he or she has the necessary authority to bind such party and that this Agreement is binding on and enforceable against such party.

<u>Sylvan Union School District</u>		<u>Keenan & Associates</u>	
<u>Signature:</u>		<u>Signature:</u>	
<u>By:</u>	David Holtz	<u>By:</u>	John Scatterday
<u>Title:</u>	Assistant Superintendent	<u>Title:</u>	Senior Vice President
<u>Address:</u>		<u>Address:</u>	2355 Crenshaw Blvd., Ste. 200 Torrance, CA 90501
<u>Telephone:</u>		<u>Telephone:</u>	310-212-0363
<u>Fax:</u>		<u>Fax:</u>	
<u>Attention:</u>		<u>Attention:</u>	Cheryl Chedester
<u>Date:</u>	4-4-08	<u>Date:</u>	

APR 14 2008

Exhibit A
Consulting Services

Keenan shall provide the following consulting services:

1. Plan Review – Keenan shall review Client's current Plans and provide information and recommendations regarding insured and/or self-insured options, as requested by Client.
2. Insurance Needs Assessment – Keenan shall work with client to determine Client's insurance needs.
3. Insurance Marketing Plan – Keenan shall prepare and present to Client its plan for marketing Client to various carriers and/or Coverage providers. In furtherance of its plan, Keenan shall contact those markets that it has determined most likely to meet Client's needs, as made known to Keenan, but shall not necessarily contact every available market for the particular Coverage being sought. In so far as practical, Keenan shall honor Client's timely and reasonable requests to contact specific markets, but Keenan shall not be obligated to present Client to any carrier or Coverage provider which Keenan has determined would not be willing to quote Client's business or would not give a competitive quote.
4. Insurance Marketing Results – Keenan shall present to the client in summary format information concerning all markets and carriers approached. The summary shall include, as applicable: name of carrier and Coverage providers approached, limits, premium, and deductible. The summary shall also include the names of any carriers or Coverage providers who declined to provide a quote.
5. Review of Insurance Options – Keenan shall present along with the Marketing Results a comparison summary highlighting the significant terms and/or differences among the various Coverages quoted. This summary is provided for Client's convenience only. It is Client's responsibility to ask questions and to request any additional information that it deems necessary for it to make an informed decision regarding its insurance or self-insurance program.
6. Obtain Coverage – Once the Client has made its decision, Keenan shall take all steps necessary to communicate Client's decision to the carrier selected and to have the carrier or other Coverage provider bind Coverage on behalf of the Client.
7. Implementation – Keenan shall assist Client in the preparation and distribution of materials relating to the implementation of its employees benefits plan.
8. Ongoing Service – Keenan shall act as a liaison between the Client and its insurance carrier or coverage provider.

APR 14 2008

Exhibit B
Broker of Record Designation

This letter confirms that as of January 1, 2008, the organization listed below ("Client") has appointed Keenan & Associates ("Keenan") as the Broker of Record in connection with the following coverages:

Medical (Kaiser/PacifiCare), Section 125, Voluntary LTD/SDI (American Fidelity), Vision (MES Pool) and Dental (Stanislaus Foundation)

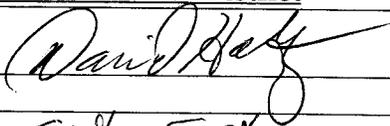
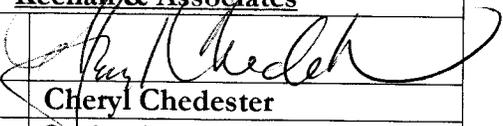
and such additional coverage's or insurance (the "Coverage") as Client may from time-to-time request from Keenan.

With respect to the Coverage identified in this Exhibit B (and as later amended) Keenan shall have the exclusive authority and right to negotiate with insurance carriers and other coverage providers on Client's behalf. Client shall not seek or acquire quotes directly from any insurance carrier or other coverage provider during the term of this Agreement.

Keenan is authorized to provide a copy of this letter to any insurer to demonstrate Keenan's authority to obtain the Coverage. This appointment rescinds any and all previous appointments Client may have made with respect to the Coverage, and shall remain in full force and effect until cancelled in writing. Keenan shall at all times remain an independent contractor and shall not act as or be deemed to be an officer, employee, agent or fiduciary of Client.

Client authorizes Keenan to provide representatives of prospective insurers and other coverage providers with all information regarding Client, its operations, employees, and financial status as may be necessary for such insurer or coverage provider to evaluate Client's suitability for coverage and to prepare a quote.

Acknowledged and agreed to by:

Sylvan Union School District		Keenan & Associates	
Signature:		Signature:	
By:		By:	Cheryl Chedester
Title:	<i>asst. Supt.</i>	Title:	Senior Account Manager
Date:	<i>4-4-08</i>	Date:	<i>4/1/08</i>

APR 14 2008

EXHIBIT C
Compensation

As compensation for its provision of the Services, Keenan shall receive commissions from insurance carriers and/or other vendors for the placement of insurance coverage. Client shall have no responsibility for the payment of any such commission to Keenan. Client acknowledges that commissions paid by insurers to Keenan that are directly related to the insurance coverage purchased by Client as part of the Plans may impact the pricing that Keenan is able to obtain for Client for such coverage. Keenan's annual commissions may be increased from to year in accordance with the increase in the Consumer Price Index.