

MANAGING DIRECTOR AGREEMENT

This Managing Director Agreement (the "Agreement") effective January 1, 2017, is made and entered into between Captive Insurance for Public Agencies Limited, a Hawaii corporation ("CIPA"), and John Didion, an individual ("Managing Director") (jointly, the "Parties"), as to the provision of the services described to CIPA by the Managing Director for the benefit of, and at the direction and expense of CIPA.

Recitals

Whereas, CIPA is a captive insurance company domiciled in the State of Hawaii, and operates for the exclusive benefit of the Alliance of Schools for Cooperative Insurance Programs ("ASCIP"), a joint powers authority operating under the California Government Code;

Whereas, CIPA, under the terms of its governance documents, and pursuant to and in compliance with all applicable laws governing the operations of captive insurance companies in the State of Hawaii, is empowered to enter into agreements with third parties for the provision of materials, services and related matters;

Whereas, Managing Director has specific experience and specialized skill and is capable of providing, certain services or other contracted-for benefits to CIPA;

Whereas, the Parties are prepared to enter into this Agreement whereby CIPA secures from the Managing Director, and Managing Director covenants and agrees to provide for CIPA, services or other benefits on the terms and conditions recited; and

Whereas, Managing Director acknowledges that the execution of this Agreement in no way constitutes a guarantee of any work or any particular hours of work, or for a duration beyond the initial stated term of this Agreement, and that Managing Director's continued services shall be and is at the sole discretion and direction of CIPA.

Now, therefore, in consideration of the Recitals and mutual covenants provided in this Agreement, CIPA and Managing Director agree:

Terms and Conditions

1. **Services of Managing Director.** Managing Director covenants and agrees with CIPA to perform the following services:
 - A. Managing Director shall be responsible for the program development, operational oversight and management of CIPA's business activities, including but not limited to the CIPA's Owner Controlled Insurance Program ("OCIP"), and other insurance, reinsurance, and related operations and programs, at CIPA's direction.

- B. Managing Director shall be available for such additional special projects as requested and directed by CIPA.
 - C. Managing Director agrees to undertake no other services for CIPA under the auspices of this Agreement, whether directly or indirectly, without the prior written consent of CIPA.
2. **Capacity and Authorization to do Business.** Managing Director warrants that he is legally entitled to enter into this Agreement and to agree to undertake and to perform the services recited. Managing Director further covenants and agrees to maintain, during the course of this Agreement, all necessary licenses, certification and incidents of authority requisite to the legal performance of the services described. Managing Director shall promptly notify CIPA and ASCIP in writing of any fact or circumstance in any engagement which presents an actual or potential conflict of interest in regard to continuing services by the Managing Director.
 3. **Reporting.** The Managing Director shall report to the CIPA Board of Directors. Specific authorization for projects and activities will be provided to the Managing Director by the Chair of the Board of Directors (“Chair”). The Managing Director will coordinate activities with ASCIP, provide regular reports on activities and results to the Chair and to the Chief Executive Officer (“CEO”) of ASCIP, and oversee activities and allocate resources with CIPA’s business partners, including ASCIP and CIPA’s vendors, with the approval of the Chair and the CEO of ASCIP.
 4. **Term of Agreement.** This Agreement between CIPA and Managing Director shall be effective January 1, 2017 and continue through June 30, 2017. This Agreement shall be automatically renewed for a one year period, or such lesser period as the Parties may agree, if not canceled by either party in writing thirty (30) calendar days prior to expiration. The Agreement may be terminated by either party, without cause, by sending written notice as provided in Section 12 of this Agreement thirty (30) days prior to termination. This Agreement may also be terminated by CIPA for cause upon immediate written notice to Managing Director. In the event of any termination notice provided to Managing Director, Managing Director shall be entitled to be paid for all work performed and expenses incurred prior to and during the notice period. Notwithstanding the foregoing, Managing Director shall promptly notify CIPA in writing if Managing Director is unable or unwilling, or anticipates being unable or unwilling to continue to provide services.
 5. **Compensation.** Managing Director shall be compensated commencing on the effective date of this Agreement in the sum of \$8,000.00 a month payable at the end of each month of services. Managing Director shall not receive from CIPA any other benefit, incentive, compensation in lieu of benefits, or other form of consideration or benefits in addition to the monthly compensation referenced.
 6. **Facilities, Staff and Expenses.** On request by Managing Director, and as determined by Managing Director as supportive of Managing Director’s efforts, CIPA will, directly or through ASCIP, make available office facilities and administrative and staff support,

and other support for Managing Director's services. In addition, should Managing Director incur out of pocket expenses in performing under this Agreement, Managing Director shall track and record all expenses, retain receipts, and report expenses with receipts to CIPA on a monthly basis for CIPA's review as to reasonableness and reimbursement in accordance with then existing CIPA expense policies.

7. **Books and Records.** Managing Director shall maintain accurate and complete records of all contacts made, agreements prepared and/or entered into, and services provided pursuant to this Agreement, which records shall be the property of CIPA and shall be made available to CIPA and/or CIPA's agents as well as ASCIP and/or ASCIP's agents to review and/or retain at any time. Upon termination of the expiration or termination of this Agreement for any reason, all such records shall be delivered to CIPA prior to the effective date of, or on the date of termination.
8. **Independent Managing Director Status.** Managing Director, as well as Managing Director's employees, officers, representatives, agents or affiliates, if any, shall not be deemed to be employees, agents, partners, servants or joint venturers with CIPA or any member agency in CIPA by virtue of this Agreement or any action, omissions to act, or services rendered under this Agreement. It is expressly understood and agreed to by the Parties that the Managing Director is an independent contractor. As an independent contractor, Managing Director shall have the right to control his own hours, use of facilities and manner of work in providing the services described.
9. **Applicable Law.** This Agreement shall be construed, enforced and administered according to the laws of the State of Hawaii without regard to choice of law.
10. **Arbitration.** Should any dispute arise between Managing Director and CIPA, or between Managing Director and a member agency, relating to, arising out of or concerning the terms or performance of this Agreement, any dispute shall be resolved through binding arbitration before JAMS at the location nearest to the CIPA office. The binding arbitration shall be governed by the rules of JAMS. Managing Director and CIPA may agree to another third party or location for binding arbitration or may elect to waive this provision; but any such agreement must and shall be in a writing signed by authorized representatives of Managing Director and CIPA, and specifically reference an intention to waive this provision, which CIPA and Managing Director are free to give or withhold in their sole discretion.
11. **Confidentiality.** Under the terms of this Agreement, in the course of performing the services contracted for under this Agreement, Managing Director may obtain information that is privileged, confidential and/or not publicly available regarding CIPA, OCIP and/or any specially assigned projects. Regardless of whether such privileged or confidential information is designated as "Confidential Information" at the time of disclosure to Managing Director, it shall be and remain proprietary to, and the property of CIPA, and Managing Director shall not divulge, reveal or share OCIP or CIPA program information except as required for work under this Agreement, Hawaii law or a Court Order. Managing Director understands and agrees that such

information shall be preserved and protected as confidential and not shared with any third parties without the prior express written consent of CIPA which CIPA is free to give or withhold in its sole discretion. Upon the termination date of this Agreement, Managing Director shall return to CIPA all documents, including those stored electronically, and work product to CIPA within five business days. All such documents and work product shall be deemed the property of CIPA.

12. **Notice.** All notices required under this Agreement shall be deemed effective if served by email, telecopier or, in the option of the sender, by Federal Express or other overnight delivery system, and shall be forwarded to the parties as follows:

If to Managing Director:

John Didion
2965 Oakhurst Court
Fullerton, CA 92835
Telephone: (714) 392-6742

If to CIPA:

Chair of the Board of Directors
Captive Insurance for Public Agencies Ltd.
c/o Artex Risk Solutions, Inc.
Attn: Fay Okamoto
1357 Kapiolani Boulevard
Honolulu, HI 96814

With a concurrent copy to:

Alliance of Schools for Cooperative Insurance Programs
Attn: CEO
16550 Bloomfield Avenue
Cerritos, California 90703
Phone (562) 404-8029
Fax (562) 404-8038

Should addresses, facsimile numbers or other identified information change, notice shall be given in accordance with this provision.

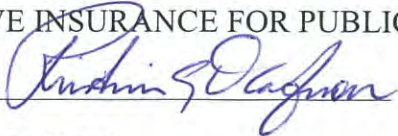
13. **Non-Assignment.** Managing Director shall not assign any of Managing Director's duties and responsibilities under this Agreement, or this Agreement itself, without prior written consent of CIPA, which CIPA is free to give or withhold in its sole discretion.
14. **Indemnification.** Managing Director agrees to defend, indemnify and hold harmless ASCIP, its Executive Committee, officers, staff, agents, and members, and CIPA, its Board of Directors, officers, staff, agents and volunteers, from any and all loss, costs,

and expense including legal fees, or other obligations or claims, arising directly or indirectly out of any liability or claim of loss or liability for personal injury, bodily injury to persons, contractual liability, and damage to property, or any other loss, damage, injury or other claim of any kind or nature, arising out of the actions, omissions to act, negligence, intentional conduct or other activities of Managing Director and/or Managing Director's officers, agents or affiliated entities and/or his employees, agents and representatives, whether such actions, omissions to act, negligence or intentional conduct is or was authorized by this Agreement or not. Managing Director further agrees to pay or cause to be paid for any and all damage, fines or penalties, or loss or theft to the property of CIPA or CIPA's member agencies arising out of the actions, omissions to act, negligence, intentional conduct or other Managing Director-based activities. CIPA and its member agencies assume no responsibility whatsoever for any property placed on the premises of CIPA or its member agencies. Managing Director further agrees to waive all rights of subrogation against CIPA and/or CIPA's member agencies. Notwithstanding the foregoing, Managing Director shall not be responsible for indemnification for claims or losses caused solely by the negligence of CIPA and/or its member agencies.

15. **Attorneys' Fees and Costs.** In the event of any breach, failure to perform or dispute arising directly or indirectly out of the terms or performance of this Agreement, including the performance of the terms and conditions recited, the prevailing party shall be entitled to recover all reasonable legal fees, costs, experts' fees or other expenses incurred. This provision shall apply regardless of whether the breach, failure to perform or dispute reaches the point of binding arbitration or other formal proceedings.
16. **Integrated Agreement.** This Agreement supercedes any prior agreements, oral and written, or representations, if any, as between the Parties, and reflects a fully integrated Agreement between them. It may only be revised, amended or otherwise changed by a subsequent writing, signed by the Parties, evidencing a specific intent to amend, change or modify this Agreement.
17. **Authority.** The undersigned warrant that they are duly authorized representatives of the Parties and have been empowered to execute this Agreement on behalf of party indicated.

CAPTIVE INSURANCE FOR PUBLIC AGENCIES LIMITED (CIPA)

Signature:



Title: President

Date: 2/23/17

JOHN DIDION

Signature:



Date: 2/22/2017