

ORDINANCE NO. 399

AN ORDINANCE AUTHORIZING THE PARTICIPATION OF EAST NORRITON TOWNSHIP IN THE DELAWARE VALLEY MUNICIPAL HEALTH INSURANCE TRUST PURSUANT TO THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION LAW.

The Township of East Norriton, Montgomery County, Pennsylvania does hereby **ENACT** and **ORDAIN**:

Section 1. That the Chairman and Secretary of East Norriton Township are hereby authorized to execute the Trust Agreement and any other agreements necessary for its participation in the Delaware Valley Municipal Health Insurance Trust. The Delaware Valley Municipal Health Insurance Trust Agreement is attached hereto as Exhibit "A" and incorporated herein by reference.

The Trust Agreement attached hereto is on file for inspection and review at East Norriton Township, 2501 Stanbridge Street, East Norriton, Pennsylvania 19401. This Trust Agreement may be subsequently modified or amended but in no event shall such amendments or modifications materially adversely affect the right of East Norriton Township to participate in the Delaware Valley Municipal Health Insurance Trust.

Section 2. That the participation of East Norriton Township in the Delaware Valley Municipal Health Insurance Trust is authorized for the purpose of obtaining high quality health benefits at the most reasonable cost to East Norriton Township and its employees.

Section 3. As set forth in the Trust Agreement and as otherwise stated herein, the following conditions apply to the participation of East Norriton Township in the Delaware Valley Health Insurance Trust:

1. That each participating municipality must meet the admission and eligibility requirements set forth herein;
2. That each participating municipality agrees to pay all contributions when due as provided in the Trust Agreement and any By-Laws thereafter adopted by the Trust;
3. That each participating municipality uses its best efforts to provide appropriations for the payment of any contributions required to achieve the purposes and objectives of the Trust;
4. That each participating municipality cooperate fully in achieving the purposes and objectives of the Trust;
5. That each participating municipality comply with all other conditions of the Agreement.

Section 4. That East Norriton Township agrees to participate in the Delaware Valley Municipal Health Insurance Trust for a minimum of two years and thereafter may withdraw for any reason whatsoever provided that it has fulfilled all its financial obligations to the Trust upon withdrawal.

Section 5. The effective date of participation of East Norriton Township in the Delaware Valley Municipal Health Insurance Trust will be determined at a later date by Resolution of the Board of Supervisors.

Section 6. Each participating municipality delegates to the Board of Directors of the Delaware Valley Municipal Health Insurance Trust the powers enumerated in the Trust Agreement.

Section 7. All contributions paid by East Norriton Township shall be made with funds appropriated by East Norriton Township for that purpose.

Section 8. The organizational structure of the Trust shall consist of a Board of Directors and an Executive Committee selected by the Board of Directors in accordance with the Trust Agreement.

Section 9. The funds required for the operation of the Trust shall be provided by the participating municipalities through annual appropriations.

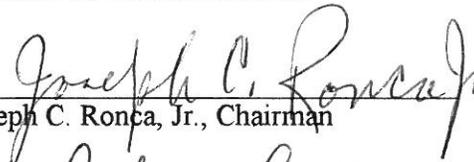
Section 10. The Delaware Valley Municipal Health Insurance Trust is empowered to enter into contracts for policies of group insurance and employee benefits, including social security for any of its employees.

Section 11. As a condition of participating in the Delaware Valley Municipal Health Insurance Trust, East Norriton Township agrees to comply with all the terms and conditions in the attached Trust Agreement.

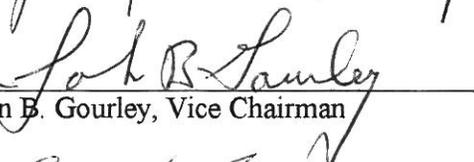
Section 12. This Ordinance is being enacted pursuant to the provisions of the Intergovernmental Cooperation Law, Act of July 12, 1972, No. 180, as amended, 53 Pa. C.S.A., Sections 2301, et seq.

ENACTED and ORDAINED this 9th day of November, 1998.

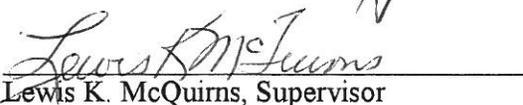
EAST NORRITON TOWNSHIP
BOARD OF SUPERVISORS



Joseph C. Ronca, Jr., Chairman



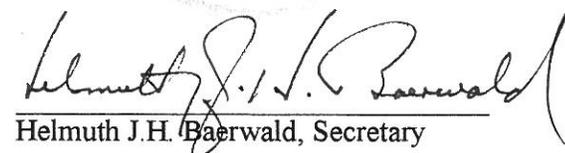
John B. Gourley, Vice Chairman



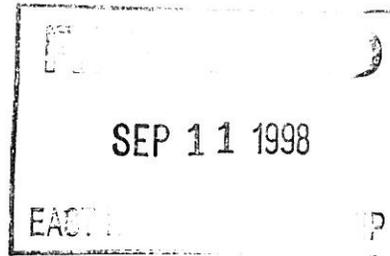
Lewis K. McQuirns, Supervisor

ATTEST:





Helmut J.H. Baerwald, Secretary



**DELAWARE VALLEY MUNICIPAL
HEALTH INSURANCE
TRUST AGREEMENT**

8/19/98

DELAWARE VALLEY MUNICIPAL HEALTH INSURANCE
TRUST AGREEMENT

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DELAWARE VALLEY MUNICIPAL HEALTH INSURANCE

TRUST AGREEMENT

This is the Intergovernmental Agreement, hereafter known as the Delaware Valley Municipal Health Insurance Trust Agreement, dated as of _____, by and among the participating local governments of the Commonwealth of Pennsylvania which are now and hereafter parties signatory to this Agreement and listed in Appendix "A" hereof, as may be amended from time to time, and those Trustees (as hereinafter defined) listed in Appendix "B" hereof, as may be amended from time to time.

WITNESSETH:

WHEREAS, certain local governments in the Commonwealth of Pennsylvania desire to enter into and create a multiple employer welfare arrangement pursuant to all applicable federal and state laws, including the Pennsylvania Intergovernmental Cooperation Law, 53 Pa. C.S.A. §§2301 et seq.;

WHEREAS, the local governments who are parties to this Agreement are also "local agencies" within the meaning of the Pennsylvania Political Subdivision Tort Claims Act, 42 Pa. C.S.A. §8541 et seq.;

WHEREAS, the Pennsylvania Political Subdivision Tort Claims Act, 42 Pa. C.S.A. §8541 et seq., authorizes local agencies of the Commonwealth of Pennsylvania, including the local governments are parties to this Agreement, to pool or share their insurance risks (as hereinafter defined) by creating self-insurance risk pools or plans, and/or entering into joint agreements for the purpose of providing insurance coverage;

WHEREAS, the purpose of the multiple employer welfare arrangement created by this Agreement is to provide comprehensive, high quality health benefits for the employees and their dependents, and retirees of the local governments who are parties to this Agreement, while allowing these local governments to better control the cost and availability of those health benefits;

WHEREAS, the local governments who are parties to this Agreement (hereinafter referred to as the "Participants") have hereby created the Delaware Valley Municipal Health Insurance Trust for the purpose of implementing the multiple employer welfare arrangement set forth in this Agreement and in the Health Benefit Plans describing the benefits provided by the Trust, which Plans are incorporated by reference as though fully set forth herein; and

WHEREAS, the Delaware Valley Municipal Health Insurance Trust shall administer the Health Benefit Plans that will provide benefits to all Participants' employees, or any class or classes thereof, their dependents and eligible classes of the Participants' retirees, for health, hospitalization, medical, surgical, dental and other health care services;

WHEREAS, monies will be paid initially by all Participants and continue to be paid from time to time by Participants to a Board of Trustees (the "Trustees"), which funds will constitute trust funds to be held for the exclusive benefit of the Participants;

WHEREAS, all Participants wish to enter into this Trust Agreement with a promise to make an initial capitalization contribution and monthly contribution payment by no later than January 1, 1999, or at some other date to be determined by the Board of Trustees;

WHEREAS, the Participants desire the Trustees to collect, receive, hold, invest, reinvest, manage, dispose of, distribute, and otherwise to administer the Trust funds, and the Trustees have indicated their willingness to do so, all pursuant to terms of this Agreement; and

WHEREAS, the Trustees and the Participants desire to establish the terms and conditions under which the Trust will be operated.

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged by each party, one to the other, the Participants do hereby give and assign in trust the initial sums described in the attached Schedule 1 and all income and profits therefrom, and such other sums, income and profits as hereinafter may be made part of the Trust, to the Trustees, and the Trustees hereby accept the trusts herein contained and the funds described in the attached Schedule 1 and declare that they will administer, manage, collect, receive, dispose of, and distribute such trust property for the benefit of the Participants as hereinafter provided, all parties agreeing to abide by the terms and covenants contained in this Agreement, as follows:

ARTICLE I

DEFINITIONS

1.01 Definitions. The terms defined in this Section 1.01 and in the preambles hereto (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Agreement and of any amendment or supplement hereto shall have the respective meanings specified in this Section 1.01 and said Preamble.

Actuary - The actuarial firm selected by the Trustees, whose duties shall include, but not be limited to, the evaluation of underwriting or loss data submitted by eligible municipalities and the rendering of opinions and certifications as required by the Board of Trustees in accordance with the Trust Agreement and By-Laws.

Adjustments - A decrease or increase of a Participant's annual contribution as determined by the Board of Trustees in accordance with the Trust Agreement and By-Laws.

Administrator - The individual or entity responsible for the day to day operations of the Trust.

Agreement or Trust Agreement - The Delaware Valley Municipal Health Insurance Trust Agreement, as set forth herein and as amended from time to time.

Application - The documents which must be submitted by all eligible local governments for admission to the Trust, including, but not limited to, any claims and census data, or any other information which an eligible applicant may be required to provide for admission to the Trust.

Assessments - Any additional payment(s) to the Trust which a Participant may be required to make as determined by the Board of Trustees in accordance with the Trust Agreement and By-Laws.

Board of Trustees - The governing body of the Delaware Valley Municipal Health Insurance Trust whose Trustees are selected in accordance with the Trust Agreement and By-Laws.

By-Laws - The By-Laws governing the operation of the Trust as adopted and amended by the Board of Trustees in accordance with this Agreement.

Capitalization Contribution - Payments made by Participants to create and maintain the Health Benefits Surplus Fund.

Contact Person - An individual designated by each Participant as a liaison between that municipality and the Board of Trustees, and the Trust's officers, employees or agents.

Contribution - The amount of money determined by the Board of Trustees and charged to each Participant during the Trust Year in exchange for the benefits as adjusted on a monthly basis under the Health Benefit Plans. The monthly contributions may include a capitalization contribution for the Health Benefits Surplus Fund.

Coverage Period - The one year period in which each Participant will be provided coverage under the Health Insurance Plans in exchange for monthly contribution payments for that coverage period.

Dividends - Monies paid to Participants as determined by the Board of Trustees which are in excess of the total funds necessary to maintain the Health Benefits Fund and Health Benefits Surplus Fund.

Effective Date - A date determined by the Trustees on which a Participant will be provided health benefits as set forth in the Health Benefits Plans.

Executive Committee - The committee appointed by the Board of Trustees in accordance with this Agreement and the By-Laws.

Expulsion - The involuntary removal or termination of a Participant from the Trust by action of the Trustees as provided in this Agreement and any applicable By-Laws.

Fiscal Agent(s) - Financial institutions selected by the Board of Trustees to handle and invest the monies held in the various funds administered by the Trust in accordance with this Agreement and any applicable By-Laws.

General Operating Fund - An interest bearing account established by the Board of Trustees in accordance with the Trust Agreement and By-Laws for the purpose of paying all administrative expenses of the Trust.

Group Master Health Benefits Contracts - The contracts or agreements between the Trust and the company selected by the Board of Trustees to administer the Health Benefit Plans.

Health Benefits - Various forms of health insurance benefits provided by the Trust, including hospitalization, medical, surgical, dental and other health care services.

Health Benefits Fund - The fund created by the Participants under this Agreement for the purpose of paying benefits provided by the Health Insurance Plans and related expenses in accordance with the provisions of those Plans.

Health Benefit Plans - The documents containing a description of the health benefits provided by the Trust and the terms and conditions applicable thereto.

Health Benefits Surplus Fund - The fund created by the Participants under this Agreement to pay benefits and related expenses in the event that the Health Benefits Fund is insufficient to pay benefits due under the Health Benefits Plans.

Initial Participants - Those municipalities who are initial signatories to this Agreement and become Participants in the Trust on or before January 1, 1999.

Local Government - Any political subdivision or local agency of the Commonwealth of Pennsylvania as defined in the Pennsylvania Intergovernmental Cooperation Law and the Pennsylvania Political Subdivision Tort Claims Act. This definition includes any townships or boroughs eligible for participation in the Delaware Valley Municipal Health Insurance Trust.

Participant - Any local government eligible to participate in the Trust which becomes a party to this Agreement and whose participation in the Trust has not been terminated in accordance with this Agreement and any applicable By-Laws.

Service Agents - One or more service companies or consultants employed by the Trustees to be responsible for underwriting matters, claims administration, loss control, accounting and such other duties as determined by the Board of Trustees and specified by contract.

Service Contract - Any contract for service between the Trust and a Service Agent.

Termination or Terminated - The voluntary withdrawal of a Participant from the Trust in accordance with this Agreement and any applicable By-Laws.

Third Party Administrator - The company retained by the Trust to administer the payment of benefits under the Health Benefits Plans and in accordance with the Group Master Health Benefits Contracts.

Trust - The Delaware Valley Municipal Health Insurance Trust.

Trust Year - The first fiscal year of the Trust shall commence on January 1, 1999 and end on December 31, 1999. Thereafter, the Trust fiscal year shall run from January 1 to December 31 of all subsequent years.

Trustee - Each person serving as a member of the Board of Trustees referred to from time to time, collectively as the "Trustees" or "Board of Trustees" or "Board".

1.02 Interpretation. The words "hereof", "herein", "hereunder", and other words of similar import refer to this Agreement as a whole. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Headings or titles to Articles, Sections, and other subdivisions of this Agreement are for convenience only and shall be given no effect, meaning, or construction whatsoever and shall not define or limit any provision of this Agreement.

ARTICLE II

TRUSTEES

2.01 Qualifications of a Trustee.

(a) A Trustee shall be either (1) an elected or appointed official of a Participant, including any Township or Borough Managers, or (2) an employee of a Participant with expertise in finance or health benefits.

(b) A Trustee shall not be employed by or have any direct or indirect financial interest in any Service Agent or other organization providing service to the Trust.

2.02 Composition of Board of Trustees.

The Trust shall be governed by a Board of Trustees. No Participant shall be represented by more than one Trustee on the Board of Trustees. All members of the initial Board of Trustees shall be appointed to serve a term commencing upon January 1, 1999 and expiring on December 31, 1999.

2.03 Election of Trustees.

The initial Board of Trustees shall provide in the By-Laws for the form and method of election of subsequent Trustees.

2.04 Resignation of a Trustee.

A Trustee may resign by giving at least thirty (30) days prior notice in writing sent by registered mail to the Chairman of the Trustees. Such notice shall state the date said resignation shall take effect, and such resignation shall take effect on such date.

2.05 Removal of Trustees.

A Trustee may be removed from office in accordance with the By-Laws if he or she fails, or subsequently ceases, to meet the qualifications of Section 2.01 hereof; and may be removed if he fails to attend three (3) consecutive meetings of the Board or is terminated for cause by a 2/3 vote of the Trustees. Upon removal of a Trustee, the position shall be filled pursuant to Section 2.06 hereof.

2.06 New Trustees.

In the event a Trustee resigns, is removed or is otherwise unable to serve, the Participant represented by that Trustee shall appoint a replacement to complete the original Trustee's term of office.

Any Trustee, upon leaving office, shall forthwith turn over and deliver to the principal office of the Trust, any and all records, books, documents or other property in his possession or under his control which belong to the Trust.

2.07 Board Chairman and Executive Committee.

The Trustees shall elect a Chairman of the Board by simple majority vote whose duties shall be set forth in the By-Laws. The Trustees shall also appoint an Executive Committee by majority vote consisting of not less than five (5) Trustees, two of whom will be the Chairman and Vice Chairman of the Board of Trustees. The Trustees may delegate in writing to the Executive Committee such powers and duties as the Trustees deem appropriate and desirable except the exercise of those powers for which a two-thirds majority vote of the Trustees is required. The Executive Committee shall meet as determined by the Chairman of the Board of Trustees.

ARTICLE III

PARTICIPANTS

3.01 Eligibility Requirements.

(a) Participation in the Trust shall be limited to municipalities of the Commonwealth of Pennsylvania.

(b) Each Participant shall meet the underwriting standards and other requirements established by the Board of Trustees.

(c) Each Participant shall have a loss or claims history which does not present an undue risk to the actuarial soundness of the Trust.

(d) Each Participant must receive a positive recommendation from the underwriting consultant prior to acceptance. This recommendation will be based upon an analysis conducted by the underwriting consultant which may include an evaluation of the applicant's loss or claims history, if such data is available.

(e) Each Participant must be professionally managed, utilizing International City Management Association ("ICMA") Recognition Criteria.

(f) Each Participant must agree to make a commitment to participate in the Trust for a minimum period of at least two (2) years, which period is necessary to assure the fiscal and actuarial soundness of the Trust.

(g) The Board of Trustees may establish additional requirements for participation in the Trust by majority vote.

3.02 Approval of Participants.

(a) Initial Participants who are signatories to this Agreement as of January 1, 1999 must have submitted all required underwriting information to the Delaware Valley Municipal Health Insurance Cooperative ("DVHIC"); such application must be approved by majority vote of the DVHIC Executive Committee. The effective date for admission of all initial Participants shall be January 1, 1999. The coverage period for all initial Participants under the Health Benefits Plans shall commence on January 1, 1999 upon payment of the initial contribution.

(b) All subsequent applicants must be approved by two-thirds (2/3) majority vote of the Board of Trustees. The Board must certify in writing that the successful applicant has met all the requirements for admission to the Trust.

(c) All subsequent applicants who are not members of the Delaware Valley Municipal Health Insurance Cooperative must pay an application fee as determined by the Executive Committee.

(d) Subsequent applicants must provide all underwriting information requested by the Executive Committee, including any census and claims data as may be available.

(e) Each Participant shall submit evidence satisfactory to the Trustees of approval for participation by its governing body, including any ordinances which may be required under state law.

(f) Upon approval of all subsequent Participants by the Board of Trustees, the Board shall establish the effective date for the benefits provided to that Participant under the Health Benefits Plans.

(g) Upon execution of this Agreement by a local government, such municipality shall become a Participant in the Trust and shall be bound by all terms and conditions hereof, including the payment of all contributions when due.

3.03 Contributions.

(a) Contributions shall be established by the Trustees in consultation with the underwriting consultant, the Trust Actuary and the Third Party Administrator. The rates upon which the monthly Premium is based shall be established at least sixty (60) days before commencement of the Trust Year. Monthly contributions may include any capitalization contribution payments required to maintain the Health Benefits Surplus Fund.

(b) Contributions shall be due and payable as determined by the Executive Committee, in accordance with this Agreement and the Trust By-Laws.

3.04 Obligations, Duties and Liabilities of Participants.

(a) Each Participant agrees to fulfill all obligations and duties set forth in this Agreement. The withdrawal or expulsion of any Participant pursuant to this Article III shall not affect this Agreement nor the Trust created herein, except where otherwise expressly provided.

(b) Each Participant is liable under this Agreement for the payment of contributions.

(c) Each Participant will use its best efforts to provide appropriations for the payment of any contributions and assessments required by the Trust.

(d) Each Participant agrees to institute any and all reasonable procedures that may be required by the Trustees for the purpose of minimizing or eliminating health hazards or risks that could contribute to losses, subject to any collective bargaining agreements.

(e) Each Participant agrees that it will cooperate fully with the Trust's Service Agent(s), attorneys, Third Party Administrator and any other agent or employee of the Trust in relation to the purposes and powers of the Trust, including, but not limited to, the evaluation and payment of claims.

(f) Each Participant agrees to designate a Contact Person to be responsible for all contacts with the Trust. The Trustees, the Administrator and the service agent(s) shall not be required to contact any other individual except the Contact Person in dealing with the Participant. Any notice to or any agreements with the Contact Person

shall be binding upon the Participant. Each Participant reserves the right to change the Contact Person from time to time by giving written notice to the Administrator.

(g) The Participants will furnish to the Trustees such underwriting information as may be required by the Executive Committee prior to the end of the Trust Year, and any other information which may be requested by the Board or the Executive Committee.

(h) Participants hereby acknowledge and agree that this Agreement may be amended, altered or modified pursuant to Article VIII hereof. Any amendment adopted pursuant to the provisions of Article VIII hereof shall be considered by each Participant to be a reasonable and proper amendment to the Agreement.

(i) All claims disputes must be initially submitted in accordance with the terms and conditions of the Group Master Health Benefit Contracts and Health Benefit Plans. Any disputes not resolved by that process shall be submitted to the Trust Benefits Appeals Board whose members shall be selected by a majority of the Board of Trustees upon recommendation by the Executive Committee.

(j) Once an adverse decision is rendered by the Trust Benefits Appeals Board in any claims dispute, that dispute will be submitted to a three member arbitration panel and the decision of the arbitrators shall be binding upon all Participants and claimants covered by the Health Benefits Plans. All decisions by the arbitration panel shall be final with no right to appeal to any state or federal courts, nor do Participants or claimants have a right to file suits in any state or federal court involving or arising out of any claims disputes whatsoever.

3.05 Expulsion and withdrawal of Participants.

(a) Expulsion. The Trustees shall have the authority by an affirmative vote of two-thirds (2/3) of all Trustees to expel any Participant from the Trust for cause, including but not limited to, the following:

- (1) Failure to pay any premiums or assessments when due;
- (2) Failure to implement any reasonable measures or guidelines required by the Board of Trustees;
- (3) Failure to cooperate with any claims personnel or agents of the Trust;
- (4) Failure to provide any information requested by the Administrator, Board of Trustees or any agent or