

EAST NORRITON TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA

ORDINANCE NO. 260

AN ORDINANCE AUTHORIZING THE PARTICIPATION OF EAST NORRITON TOWNSHIP IN THE DELAWARE VALLEY MUNICIPAL LIABILITY SELF-INSURANCE TRUST FOR THE PURPOSE OF POOLING LIABILITY RISKS WITH OTHER MUNICIPALITIES IN ACCORDANCE WITH THE PENNSYLVANIA POLITICAL SUBDIVISION TORT CLAIMS ACT AND THE PENNSYLVANIA INTER-GOVERNMENTAL COOPERATION LAW.

The Board of Supervisors of East Norriton Township, Montgomery County, Pennsylvania does hereby enact and ordain:

SECTION 1: That the Board of Supervisors of East Norriton Township is hereby authorized to execute the agreements listed below and any other agreements necessary for the participation of East Norriton Township in the Delaware Valley Municipal Liability Self-Insurance Trust.

1. Delaware Valley Municipal Liability Self-Insurance Trust Participation Agreement (hereinafter referred to as the "Participation Agreement");
2. Delaware Valley Municipal Liability Self-Insurance Trust Agreement (hereinafter referred to as the "Trust Agreement")

which agreements are attached hereto as Exhibits "A" and "B" and are on file for inspection and review at the offices of East Norriton Township, 2501 Stanbridge Street, Norristown, Pennsylvania 19401. The documents attached hereto as Exhibits "A", "B" and "C" may be subsequently modified or amended prior to the effective date of the Trust, but in no event shall any such amendments or modifications materially adversely affect the right of East Norriton Township to participate in the Delaware Valley Municipal Liability Self-Insurance Trust.

SECTION 2: That participation of East Norriton Township in the Delaware Valley Municipal Liability Self-Insurance Trust is authorized for the following purposes:

1. To provide adequate and affordable insurance coverage to each participating municipality at the lowest possible cost by the pooling or sharing of certain liability risks;
2. To reduce the amount and frequency of losses incurred by each participating municipality which are covered under the Trust Coverage Document, which is attached hereto as Exhibit "C" and on file for inspection and review at the Township office;
3. To minimize costs incurred by participating municipalities in the handling and litigation of claims; and

4. To protect each participating municipality from the volatility and high premiums of the commercial insurance markets.

SECTION 3: As set forth in the Participation and Trust Agreements, the following conditions apply to the participation of East Norriton Township in the Delaware Valley Municipal Liability Self-Insurance Trust:

1. That each participating municipality meets the admission and eligibility requirements set forth therein;
2. That each participating municipality agrees to pay all annual premiums, contributions and assessments when due as provided in the Participation and Trust Agreements;
3. That each participating municipality use its best efforts to provide appropriations for the payment of any contributions, premiums and assessments required by the Trust;
4. That each participating municipality institute any and all safety regulations, loss prevention measures or risk management procedures as may be required for the purpose of minimizing or eliminating hazards or risks that could contribute to losses;
5. That each participating municipality cooperate fully with the Trust's service and fiscal agents, attorneys, claims adjustors and any other agents or employees of the Trust with respect to the investigation, defense and settlement of claims;
6. That each participating municipality designate a contact person to be responsible for all contacts with the Trust;
7. That each participating municipality provide any information to the Administrator or Board of Trustees as may be required to effect the purposes and objectives of the Trust.

SECTION 4: That East Norriton Township agrees to participate in the Trust for a minimum period of two (2) years and thereafter may withdraw under the following conditions, subject to the right of arbitration, under the Trust and Participation Agreements:

1. An opinion is rendered by the Trust certified actuary that withdrawal will not result in the number of Participants falling below the minimum required to assure the fiscal and actuarial soundness of the Trust itself;
2. That the withdrawing municipality is not then in default of its obligation to pay premiums, contributions or assessments;

3. That the withdrawing municipality shall pay the full amount of a termination premium, as determined by the Board of Trustees in accordance with the Trust Agreement and By-Laws; and
4. That the Board of Trustees shall have received a certification from the Trust actuary that the withdrawal of the municipality will not reduce the actuarial soundness of the Trust and, if any municipal debt has been incurred by the participants to finance any portion of the Trust reserves, an opinion is obtained from bond counsel that such withdrawal will not adversely affect the tax-exempt status of any interest paid and any debt incurred by the participating municipalities or any legal entity created for the purpose of incurring such debt.

SECTION 5: The effective date of the participation of East Norriton Township in the Delaware Valley Municipal Self Insurance Liability Trust will be no earlier than July 1, 1988, but no later than January 1, 1989.

SECTION 6: Each participating municipality delegates to the Board of Trustees of the Delaware Valley Municipal Liability Self-Insurance Trust the powers enumerated in the Trust Agreement, including the right to expel Participants under certain conditions.

SECTION 7: As set forth in the Trust Coverage Document, East Norriton Township shall be provided coverage for the following liability risks:

1. Comprehensive General Liability;
2. Business Automobile Liability;
3. Police Professional/Law Enforcement Liability; and
4. Public Officials Liability.

SECTION 8: All contributions, premiums and assessments paid by East Norriton Township shall be made with funds appropriated by East Norriton Township for that purpose. If permitted under state and federal law, East Norriton Township may incur debt for the purpose of financing any excess insurance coverage, as set forth in the Participation and Trust Agreements.

SECTION 9: The organizational structure of the Trust shall consist of a Board of Trustees, an administrator, a claims administration/loss control consultant and various service agents appointed by the Board of Trustees in accordance with the Participation and Trust Agreements.

SECTION 10: As set forth in the Participation and Trust Agreements, the funds required for the operation of the Trust shall be provided by the participating municipalities through annual appropriations.

SECTION 11: The Delaware Valley Municipal Liability Self-Insurance

Trust shall commence no earlier than July 1, 1988, but no later than January 1, 1989 and continue until terminated by two-thirds (2/3) vote of all participating municipalities.

SECTION 12: Coverage under the Trust may be provided to all initial participants no earlier than July 1, 1988, but no later than January 1, 1989. Should coverage commence on July 1, 1988 it shall continue until December 31, 1988. Thereafter, coverage under the Trust shall be provided from January 1 through December 31 of each Trust year to all participating municipalities.

SECTION 13: As a condition of participating in the Delaware Valley Municipal Liability Self Insurance Trust East Norriton Township agrees to the following conditions:

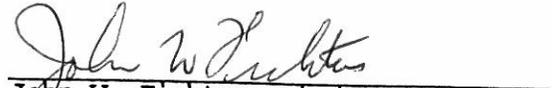
1. That it will make its initial contribution upon admission to the Trust for creation of the restricted surplus fund needed to protect participating municipalities against potentially catastrophic losses;
2. That it will timely pay all annual premiums and assessments as may be required by the Board of Trustees;
3. That it will appoint a representative to sit on the Board of Trustees and designate a contact person for the purpose of communicating with the Trust or its representatives;
4. That it will agree not to withdraw from the Trust for a period of two (2) years following its admission to the Trust;
5. That it may withdraw from the Trust only upon satisfaction of the conditions set forth in the Participation Agreement and the Trust Agreement;
6. That it agrees to perform all covenants contained in the Participation and Trust Agreements and delegate to the Board of Trustees the powers and authorities enumerated in of the Participation Agreement and the Trust Agreement;
7. That it will comply with all the conditions set forth in the Trust Coverage Document governing the handling of claims, including the defense and settlement thereof;
8. That it will appropriate the funds needed to pay all contributions, premiums and assessments as may be required by the Board of Trustees in accordance with the Participation and Trust Agreements;
9. That it will cooperate with the Trust, its agents or employees and provide the Trust with all

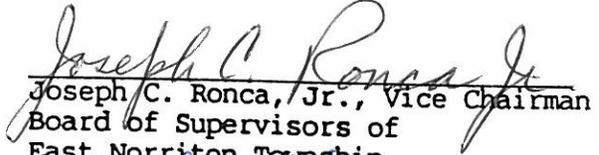
information it needs for the operation of the Trust, including any underwriting or claims data which may be requested by the Board of Trustees or their designee.

SECTION 14: This Ordinance is being enacted pursuant to Title 53 Pennsylvania Consolidated Statutes Annotated, Section 65741.

Duly presented and unanimously adopted by the Board of Supervisors of East Norriton Township, in public meeting held this 28th day of March, 1988.

Attest: 
Secretary


John W. Fichter, Chairman
Board of Supervisors of
East Norriton Township


Joseph C. Ronca, Jr., Vice Chairman
Board of Supervisors of
East Norriton Township


John B. Gourley, Supervisor
East Norriton Township