

MONROE TOWNSHIP
CUMBERLAND COUNTY, PENNSYLVANIA

ORDINANCE NO. 2013 - 01

**AN ORDINANCE AUTHORIZING MONROE TOWNSHIP, CUMBERLAND COUNTY,
PENNSYLVANIA, TO JOIN WITH OTHER POLITICAL SUBDIVISIONS AS A
MEMBER OF THE PENNSYLVANIA MUNICIPAL HEALTH INSURANCE
COOPERATIVE (PMHC), TO ENTER INTO AN INTERGOVERNMENTAL
AGREEMENT FOR THE PURPOSE OF JOINING THE PMHC AND TO
PARTICIPATE AS A MEMBER OF THE PMHC**

PREAMBLE

- A. A number of political subdivisions within Pennsylvania, have investigated whether it would be mutually beneficial to cooperate with each other in obtaining employee benefit insurance.
- B. The Pennsylvania Municipal Health Insurance Cooperative (the "PMHC") has been established for the purpose of collectively purchasing employee benefits insurance.
- C. The PMHC has been established pursuant to an intergovernmental cooperative agreement entitled Pennsylvania Municipal Health Insurance Cooperative Agreement (the "Agreement").
- D. Pursuant to the Pennsylvania Intergovernmental Cooperative Act, 53 Pa.C.S.A. Section 48 et seq., a municipality may enter into an intergovernmental cooperative agreement upon the passage of an ordinance by its governing body.

NOW, THEREFORE, BE IT ENACTED OR ORDAINED by the Board of Supervisors of Monroe Township, Cumberland County, Pennsylvania (the "Monroe Township"), as follows:

- 1. The caption and Preamble of this Ordinance set forth above are incorporated herein by reference.
- 2. Monroe Township hereby approves entering into the Agreement, a copy of which is attached hereto and incorporated herein by referenced (and which shall be filed with the Minutes of the meeting at which this Ordinance is enacted), with the intent and effect that Monroe Township shall be bounded by the Agreement.
- 3. The Chairman or Vice-Chairman of the governing body, acting alone or together with the Secretary or Assistant Secretary, are hereby authorized and directed on behalf of Monroe Township, (i) to execute and deliver the Agreement, and (ii) to execute and


deliver such additional instruments, and to take such further actions, as may be necessary or appropriate to carry forth the Agreement and the transactions to be effected under the Agreement, including payment to the PMHIC of such amounts as are due by Monroe Township pursuant to the Agreement.

4. All actions of any officer, agent or other representative of Monroe Township previously or heretofore taken in the pursuit of the establishment of the PMHIC and / or Monroe Township's participation therein, are hereby ratified and approved in all respects.
5. The governing body of Monroe Township is hereby authorized to take such other action as may be necessary or appropriate to carry out the purposes of this Ordinance and of the Agreement.
6. As required by the Pennsylvania Intergovernmental Cooperation Act, the following matters are specifically found and determined:
 - a. The conditions of the Agreement are set forth in the Agreement.
 - b. Monroe Township shall participate in the PMHIC for an initial term of three (3) years from the date that they first elected to purchase benefits through PMHIC. Thereafter, termination of the Agreement shall be as further set forth herein.
 - c. The purpose and objectives of the Agreement are as set forth in the Preamble of this Ordinance and in the Agreement.
 - d. The manner and extent of financing the Agreement are that (i) no borrowing will be required by Monroe Township, (ii) funds to implement Monroe Township's obligations under the Agreement shall come from normal and usual budgeted amounts for such matters, and (iii) other provisions governing the manner and extent of the financing of the PMHIC shall be set forth in the Agreement.
 - e. The PMHIC shall be managed by its Board of Directors pursuant to the terms of the Agreement.
 - f. All property, real or personal, of the PMHIC, shall be acquired, managed, licensed or disposed of by the PMHIC in accordance with the terms of the Agreement.

- g. The PMHIC created by the Agreement shall be empowered to enter into contracts for policies of group insurance and employee benefits pursuant to the terms of the Agreement.
7. The provisions of this Ordinance are severable and if any section, sentence, clause or part or provision hereof shall be held to be illegal, invalid or unconstitutional by any court or competent jurisdiction, such decision of the court shall not affect to remaining sections, clauses, parts or provisions of this Ordinance. It is hereby declared to be the intent of Monroe Township that such Ordinance would have been enacted if such illegal, invalid or unconstitutional section, sentence, clause, part or provision had not been included herein.
8. Nothing contained in this Ordinance shall be construed to affect any suit or proceeding in any court, or any rights acquired or liability incurred, or any cause of action existing prior to the enactment of this Ordinance.

DULY ORDAINED AND ENACTED this 9th day of May, 2013, by the Board of Supervisors of Monroe Township, Cumberland County Pennsylvania.


ATTEST:



Marjorie E. Metzger,
Secretary

(SEAL)


MONROE TOWNSHIP
BOARD OF SUPERVISORS



A. W. Castle, III,
Chairman



Philip F. Kehoe,
Vice-Chairman



Samuel M. Simmons, III,
Supervisor

Pennsylvania Municipal Health Insurance Cooperative Agreement

This AGREEMENT is made this _____ day of _____, 201__ by and between the undersigned participating municipalities ("Members").

ARTICLE I – DEFINITIONS

1. "**Agreement**" shall mean this instrument, including any amendments hereto made in conformity with its terms.
2. "**Benefits**" shall mean any and all benefits provided for eligible employees and dependents as herein defined.
3. "**Board of Delegates**" shall mean one representative from each Member which meets collectively at least annually to fulfill the obligations outlined in this Agreement.
4. "**Board of Directors**" shall mean nine representatives of the Membership voted on by the membership at large who will have all express and implied powers as may be necessary to carry out the purposes of this Agreement.
5. "**Carrier**" shall mean an insurance company licensed in the Commonwealth of Pennsylvania.
6. "**Cooperative**" shall mean the Pennsylvania Municipal Health Insurance Cooperative (PMHIC) created and established by this Agreement.
7. "**Cross Share**" shall mean the percentage of funds that each Member obligates from their claim aggregate surplus fund in order to fund deficits from other Member's accounts.
8. "**Delegate**" shall mean the appointed representative of the Member who has the full authority to act for and on behalf of the Member at all official meetings of the Board of Delegates.
9. "**Eligible Employee**" shall mean any person designated as eligible for coverage by a Member.
10. "**General Administrator**" shall mean the company selected by the Board to fulfill the day to day duties of the general administration of the Cooperative.
11. "**Member**" shall mean any government subdivision of the Commonwealth or instrumentality thereof; including agencies established under the authority of Act 180, Pa. Consolidated Statutes, Title 53, Sections 2301 thru 2315; which voluntarily applies to become a party to this Agreement, including the organizing Members of the Cooperative and those new Members accepted by an affirmative vote of the Board of Directors. The

Members shall agree to be bound by this Agreement and comply with the provisions hereof by executing such instruments as the Cooperative may require.

12. **"Plan" or "Health Care Plan"** shall mean any program, including self-insurance, of health and welfare benefits established by the Board of Directors pursuant to this Agreement.

32. **"Policy" or "Policies"** shall mean any policy or policies of insurance, including amendments and riders, issued pursuant to the Agreement and accepted by the Board of Directors as part of the Cooperative.

14. **"Premiums"** shall mean the amount of dollars that shall be paid to the Cooperative by a Member for certain eligible benefits under this Agreement.

ARTICLE II - ESTABLISHMENT OF COOPERATIVE

1. There is hereby established an Intergovernmental Insurance Cooperative to be known as the Pennsylvania Municipal Health Insurance Cooperative (PMHIC). The purpose of the Cooperative is to develop and administer an employee benefits program for the Members using cost effective funding models. The program may include medical/health benefits, prescription drug benefits, vision benefits, dental benefits, life insurance benefits, disability insurance benefits, long term care benefits, and accidental death/dismemberment benefits, and other benefits approved by the Board of Directors.

2. The Cooperative shall be governed by a Board of Directors as set forth in Article IV herein and the Board of Directors shall have the powers and duties as set forth in Article V.

3. Members agree to comply with all provisions of this Agreement and shall provide a certified copy of an ordinance or resolution, as applicable, approved by the officials of the Member indicating that the Member is authorized to enter into an Intergovernmental Cooperation Agreement for the purpose of joining the Cooperative.

ARTICLE III – BOARD OF DELEGATES

1. Each Member shall appoint a voting representative to serve on a Board of Delegates. The Board of Delegates shall oversee Cooperative operations and shall have the powers and duties set forth below:

- (a) To elect a Board of Directors as set forth in Article IV of this Agreement.
- (b) To amend this Agreement as set forth in Article IX of this Agreement.

- (c) To adopt by-laws of the Cooperative by two-thirds vote of the Delegates.
 - (d) To receive an annual report from the Board of Directors on the status of the Cooperative's overall business affairs.
2. The Board of Delegates shall meet annually, no later than November 30 of each calendar year. Notice of the date, time and location of the annual meeting must be given to every Member at least two (2) weeks in advance thereof. Special meetings of the Membership may be called by the Board of Directors or through a petition signed by 25% of the total membership. Notice of the date, time and location of any special meeting must be given to every member at least two (2) weeks in advance thereof. In order for the Board of Delegates to take action at any meeting a majority of the membership must be present or be represented by a proxy vote.
 3. Representatives appointed to the Board of Delegates shall serve until their successor is appointed by the respective Cooperative Member.

ARTICLE IV - BOARD OF DIRECTORS

1. The Cooperative shall be governed by a nine member board, known as the Board of Directors. Directors shall be elected by and from the membership's Board of Delegates at the annual meeting. Directors shall serve a two (2) year term as long as they remain qualified as a member of the Board of Delegates or until his/her successor is elected. There shall be no limit on the number of successive terms that a Director may serve. Directors shall serve without salary and shall be bound by the Pennsylvania State Ethics Act. Any Director who resigns or is removed from office shall forthwith turn over to the Chair or Secretary of the Board of Directors, any and all records, books, documents, money, and other property in their possession or under their control which belong to the Cooperative, or which were received by them in their capacity as Director and shall receive a receipt therefore.
2. The Board of Directors shall elect a Chair, Vice-Chair, Secretary, Treasurer and an Assistant Secretary/Treasurer from its members. All officers shall serve a two (2) year term, provided they remain qualified as a member of the Board of Directors or until their successors are elected. There will be no limit on the number of successive terms that an officer may serve.
3. The Board of Directors shall hold a minimum of three (3) regular meetings per year. Special meetings may be called by the Chair as needed. Notice of any special meeting shall be given to all Directors at least seventy-two (72) hours in advance, and such notice shall state the nature of the business to be discussed or transacted at such meeting.

4. In order to take official action at any meeting of the Board of Directors there shall be a majority of the Directors participating. Such participation may take the form of being physically present, participating telephonically or by other electronic means approved by the Board. In addition, votes may occur by electronic means where the majority of the Board agrees to vote by this method.

5. Directors are expected to attend all regular and special meetings of the Cooperative. If a Director fails to participate in a majority of the meetings in any one calendar year, the Board of Directors may declare the position vacant and the position shall be filled by the Board of Delegates at their next annual meeting.

ARTICLE V - POWERS AND DUTIES OF THE BOARD OF DIRECTORS

1. The Board of Directors shall have all expressed and implied powers as may be necessary to carry out the purposes of this Agreement and to discharge their obligations as officers hereunder. They shall carry out their duties with the care, skill, prudence, and diligence, which a prudent man acting in a like capacity would use under conditions prevailing at the time. Such powers shall include, but not be limited to, the following:

- (a) The Board through its General Administrator shall collect, demand, receive, hold and administer Premiums from Members and other moneys due and payable to the Cooperative, to pay or provide for payment of all reasonable and necessary expenses of collecting amounts due from Members and administer the overall affairs of the Cooperative.
- (b) The Board shall adopt an annual budget of the Cooperative no later than November 30 of each calendar year. The annual budget shall be provided to the Board of Delegates at the annual meeting. The annual budget shall consist of all projected revenues and expenditures of the Cooperative for the proceeding fiscal year. The annual budget shall provide for a plan of expenses and revenues for the next fiscal year.
- (c) The Board shall promulgate polices, procedures, rules and regulations for the general operation of the Cooperative so long as they are consistent with this Agreement and any by-laws promulgated by the Board of Delegates.

2. The Board shall pay or provide, by insurance or otherwise, for the payment of benefits authorized hereunder to eligible employees and their dependents in accordance with the rules and regulations adopted from time to time. The Board shall have authority to structure funding arrangements for member benefits through the adoption of fully insured policies or by utilizing self funding methodologies. The Board shall pay out of the Cooperative such sums as may be necessary for the purpose of providing said benefits and administering the

Cooperative. The payment of said expenses shall be made pursuant to the approved annual budget or special appropriation by the Board.

3. The Board shall admit new Members to the Cooperative. The Board may expel Members upon 120 day notice. Notwithstanding this notice requirement if any member is delinquent in their obligations as defined in Article VII of this Agreement or otherwise fails to comply with the reasonable requirements of the Board concerning contractual obligations then immediate expulsion may occur.

4. The Board shall establish policies and procedures for the safe investment of all funds of the Cooperative.

5. The Board shall be responsible for the management of the finances and all assets of the Cooperative.

6. The Board shall authorize, procure and accept all products and services to be provided by the Cooperative.

7. The Board may authorize the distribution of surplus funds to the Members as it deems appropriate for the good of the Cooperative and its Members

8. The Board shall authorize an annual audit of all expenses and revenues of the Cooperative. The Audit shall be conducted by a Certified Public Accounting firm licensed to conduct business in the Commonwealth of Pennsylvania.

9. The Board may establish regional districts or zones to allow for the most efficient and effective administration of the Cooperative.

10. The Board shall originate and maintain any and all actions or legal proceedings which may be deemed necessary for the protection of the Cooperative, or to secure payment of Member Premiums and payments to the Cooperative, or to secure the benefits contemplated hereby in connection therewith, to compromise, settle, or release claims on behalf of or against the Cooperative.

11. The Board shall keep true and accurate books of accounts and records of all transactions in the care of the Secretary, Treasurer or the General Administrator.

12. The Board shall select and retain a General Administrator which shall function as the chief administrator for the Cooperative. The Board of Directors may also select and retain other professional advisors and professional service providers to assist and advise the Board of Directors and the General Administrator in the carrying out of the Cooperative functions. The Board shall determine payment for the General Administrator and other professional advisors and professional services and such payments shall be an item included in the annual budget.

13. The Board may establish underwriting criteria and funding requirements for prospective Members.

14. The Board may do all things including but not limited to the execution of all instruments and entering into all agreements and transactions as are reasonable, desirable, or necessary to execute the specific powers set forth herein but not contrary to the terms or conditions of this agreement.

ARTICLE VI - MEMBER OBLIGATIONS

1. Each Member shall certify to the Cooperative each employee and dependent who shall become entitled to coverage in accordance with the terms of the Agreement and the Member's Plan of Benefits. Members are obligated to provide the General Administrator accurate and timely information on new enrollees to the benefit plan and provide accurate and timely information on terminations from said plan.
2. Before becoming entitled to coverage under a Member's Plan, an Eligible Employee and/or dependant shall execute such enrollment or application forms as may be required and accepted for coverage by the Cooperative.
3. Each Member will indemnify the Cooperative for any and all judgments, costs, settlements and reasonable attorney's fees incurred by the Cooperative as a result of the Member's noncompliance irrespective of action or inaction of the Cooperative. The Cooperative will indemnify each Member from any and all judgments, costs, settlements and reasonable attorney's fees incurred by the Member as a result of the Cooperative's noncompliance.
4. A Member shall be responsible for the Premiums payable by the Member, pursuant to the agreement with the Cooperative. The Member shall not have any responsibility or liability for the acts of the Directors or other Members.
5. The initial term of participation by a Member in the Cooperative shall be 3 years. Withdrawal from the Cooperative will not be permitted during the first three (3) years that a Member has enrolled employees in a benefit plan offered by the Cooperative. Upon completion of the initial three year term a member may terminate membership from the Cooperative on December 31 of any plan year by giving written notice to the Board no later than June 30 of the same plan year. Unless waived by the Board of Directors, terminated members shall not be eligible to rejoin the Cooperative for a period of one year. Upon termination a Member shall be responsible for all of the applicable obligations set forth below:
 - (a) Payment of Run-Out Claims: For self funded plans, these are claims incurred in the year (or partial year) of Cooperative membership but not paid until after the member terminates from the plan. When a self-fund arrangement is used to finance benefits former members shall be responsible for paying all run out claims presented for payment up to one (1) year after leaving the Cooperative.

- (b) Claims Administrative Fees: For self funded plans, an insurance carrier or a third party administrator will be engaged by the Cooperative to adjudicate claims. Any fees associated with the administration of claims after a Member leaves the Cooperative shall be the responsibility of the former member until the Member's account is closed.
- (c) General Administrator Fee: Former Members of the Cooperative shall be obligated to pay the General Administrator's fee in effect at the time of departure for a period not to exceed two (2) months after terminating from the Cooperative in order to close out a member's account.

Should a terminating Member have a positive cash balance with the Cooperative at the time of exiting from the Cooperative said funds shall first be used to satisfy any financial obligations to the Cooperative. Thereafter, any balance will be returned to the former Member at the point in time when the Board of Directors declares a distribution of surplus to the general membership for the year or years the former Member participated in the Cooperative.

6. If a member fails to provide proper termination notice and leaves the Cooperative, the member will forfeit all surplus funds owed to the member once the member's account is closed out. If a member does not complete the initial three year membership requirement the member must pay back any Cross Share funds that were paid to the member during membership in the Cooperative. This amount may be drawn against any surplus funds remaining in the Member's account once all obligations are closed out. If a Member who leaves the Cooperative fails to provide proper termination notice as defined in this Agreement or fails to fulfill the initial three year term such Member is not entitled to join the Cooperative for a three year period commencing on the date when the Member officially terminates membership in the Cooperative.

ARTICLE VII – MEMBER FINANCIAL OBLIGATION

1. Each Member agrees to pay Premiums established by the Cooperative to cover the cost to the Cooperative for providing benefits to the Members. The Premiums shall include sufficient funds to pay (1) claim costs, claim administration fees, reinsurance, and all other reasonable and necessary expenses of the Cooperative together with such reserve funds as the Cooperative shall deem reasonable and prudent and, (2) sufficient funds to cover similar costs incurred by the Cooperative for any self-funded claims incurred while a member of the Cooperative but paid after the Member's withdrawal from the Cooperative as specified in Article VI.
2. Premiums are due on the first day of the month for the period of enrollment of eligible employees and shall be delinquent if not received in full on or before the last day of the month for which the Premiums are due. When the last day of the month falls on Saturday or Sunday, or a legal holiday, the said Premiums shall be delinquent if not received on the next

business day following such Saturday, Sunday, or legal holiday. If a report and/or payment of Premiums is made and placed in the mail properly addressed and postage paid and is postmarked (other than by postage meters) on or before the last day of the month, or the first business day thereafter if the last day of the month shall fall on Saturday, Sunday, or a legal holiday, no liquidated damages and/or interest will accrue should the report and/or payment of Premiums not actually be received until subsequent to that date. If marked by a postage meter, it must be received by the Treasurer on or before the last day of the month. Premiums shall be based on the billing report prepared by the General Administrator and/or the insurance carrier.

3. Each failure of a Member to submit timely reports as to new enrollees and terminations, in the form or forms prescribed by the Board, General Administrator or contracted insurer, and/or to pay its Premiums as required herein shall constitute a separate violation of such Member's obligation hereunder. Nonpayment or non-reporting by a Member shall not relieve any other Member of its obligation to make reports and payment of its required Premiums. The Board may, at its sole discretion, take any action necessary to enforce the timely filing of reports and the timely payment of Premiums and/or liquidated damages due hereunder. However, the Board may only sue such Member, with 2/3 approval by the Board. In the event that the Board sues a Member, the non-prevailing party agrees to pay all expenses of suit, including court costs and reasonable attorney's fees.

4. The parties recognize and acknowledge that the regular and prompt payment of Member Premiums to the Cooperative is essential to the effective maintenance of this Cooperative and that it would be extremely difficult, if not impossible, to fix the actual expense and damage to the Cooperative which would result from the failure of any Member to remit such monthly Premiums within the time above provided. Therefore, in the absence of ascertainable damages, the amount of expenses and damages resulting to the Cooperative from each failure to pay such monthly Premiums shall be conclusively presumed to be the sum of two hundred fifty (\$250.00) dollars or five (5%) percent of the amount due and unpaid, whichever is greater, for each month in which a Member is so in default. Such liquidated damages shall become due on the day following the date on which the filing of the required Premium becomes delinquent. This section is intended to provide for liquidated damages and not for penalties and in no event shall this paragraph be applicable to delinquencies in payments resulting from unintentional clerical errors in the computation of amounts due.

5. If a Member fails to pay Premiums as prescribed by the Board interest on such Premiums which are late shall accrue on and after the first day of delinquency at the rate of eighteen (18%) percent per annum until such Premiums are paid. Such interest shall accrue in addition to any liquidated damages, which may be assessed. No coverage will be provided for a period when no Premiums have been received for a particular Member.

6. All Members paying Premiums to the Cooperative shall make such reports to the Cooperative with respect to the amount and calculation of any and all Premiums, or with respect to any other matter pertinent to the establishment, maintenance, and administration of the Cooperative, as the Board may deem necessary and desirable. The Board may, at

reasonable times and during normal business hours, conduct an audit or examination by a Certified Public Accountant or other designated representative of the Cooperative of the payroll records, books and records, information, data, reports, or documents of any Members which may be pertinent in connection with said Premiums and reports and insofar as same may be necessary to comply with this Agreement. Such audit or examination may be made whether or not the Member has had any previous record of delinquency in filing any reports and/or in failing to pay Premiums to the Cooperative as provided herein. In connection with such audits or examination and upon request thereof, the Member shall make available to said Certified Public Accountant or other designated representative all relevant documents, records and reports that have some relevancy to programs offered by the Cooperative. Further in the event such examination or audit discloses unpaid Premiums in excess of ten (10%) percent of those Premiums previously reported during the period of time being audited the Member shall be liable for and shall pay to the Cooperative the reasonable cost of such examination or audit.

7. Notwithstanding the foregoing, the Board may waive, in whole or part, liquidated damages, interest, accounting and/or legal fees for any default of any Member upon good cause shown thereof as determined in the discretion of the Board.

ARTICLE VIII - PERSONAL LIABILITY

1. The members of the Board of Directors are hereby empowered to do acts, whether or not expressly authorized herein, which the Board of Directors may deem necessary to accomplish the general objectives of maintaining the Cooperative solely in the interests of the Members and beneficiaries for the exclusive purpose of (a) providing benefits to Members and beneficiaries, and (b) defraying reasonable expenses of administering the Cooperative. Such actions shall be taken with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Such actions shall include the diversification of the investments of the Cooperative so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, and all such actions shall be in accordance with the documents and instruments governing the Cooperative insofar as such documents and instruments are consistent with applicable law.

If an investment manager or managers have been appointed in accordance with the terms of this Agreement, no Director shall be liable for the acts or omissions of such investment manager or managers or, shall any Director be under an obligation to invest or otherwise manage any asset of the Cooperative which is subject to the management of such investment manager.

2. The Board of Directors may purchase errors or omissions insurance for the Cooperative collectively and/or individually for the Board and to provide for payment for same out of the Cooperative to the extent permitted by law.

3. The Board of Directors shall be entitled to act upon any instrument, certificate, or paper reasonably believed by them to be genuine and to be signed or presented by the proper person or persons and shall be under no duty to make any investigation or inquiry as to any statement contained in any such writing, but may accept the same as conclusive evidence of the Cooperative and accuracy of the statement therein contained.

4. The Board of Directors may from time to time consult with legal counsel and shall be entitled to act upon such advice of counsel to the Cooperative with respect to legal questions.

6. As permitted by law, Directors shall not be liable for any act pursuant to this Agreement in good faith taken or omitted, or for the act or omission of any agent, employee, or attorney selected with reasonable care, or for any act or omission of any other Director, but a Director shall be liable only for his/her failure to act according, to the standards set forth in paragraph 1 of this Article or his own gross negligence or willful misconduct.

ARTICLE IX - AMENDMENT AND TERMINATION OF AGREEMENT

1. Any decision to modify, amend or terminate this Agreement shall require the approval of two-thirds (2/3) of all the Members. Following approval of any amendments, all interested parties shall be bound thereby; provided, however, said amendments shall not disqualify the Cooperative under State or Federal Law.

2. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto, and those Members who agree to be bound thereby, their successors and assigns, and shall continue in full force and effect in all of its terms and provisions until termination by an instrument in writing. If the Cooperative is terminated by the Members, all payments (including any refunds) due to the Cooperative shall be collected; all costs, expenses and outstanding obligations of the Cooperative shall be paid and satisfied or otherwise provided for; and any funds of the Cooperative remaining thereafter shall be allocated and repaid to the Members, all in accordance with generally accepted accounting principles. In the event there are funds remaining after termination, such funds shall be distributed as follows:

- (a) First, payments made by Members on account of anticipated, current costs and expenses, which because of termination did not become due and payable, shall be distributed to each Member in the same proportion as each such Member's payments bear to the total of all such payments by all such Members.
- (b) Second, accumulated reserve funds, if any, shall be distributed to those Members contributing to reserves in the same proportion, after consideration of the interest earned or other return on investment obtained on each such Member's contributions to reserves during the period of investment, as such Member's

contributions to reserves bears to the total of all such contributions by all such Members to such reserve funds.

ARTICLE X - GENERAL PROVISIONS

1. Should any provision in this Agreement or any Plan, rule, or regulation adopted hereunder be deemed invalid or determined to be invalid by any authoritative body, providing that if such invalidity shall make impractical the further operation of the Cooperative under this Agreement, the Agreement shall be forthwith amended as to provide for its effective continuance according to its general purposes.
2. When used herein, words in the masculine shall be read as in the feminine, or neuter and words in the singular shall be read as in the plural, in all cases where such construction would so apply. This Agreement is executed and accepted by the Members and the parties hereto in the Commonwealth of Pennsylvania and questions pertaining to its validity, the Commonwealth of Pennsylvania and the United States.
3. Any notice required to be given under the terms of this Agreement or rules and regulations adopted by the Board of Directors shall be deemed to have only been duly served if delivered personally to the person to be notified in writing, or if mailed, by placing same in a sealed envelope with sufficient postage prepaid thereon, addressed to such person at his last known address as shown in the records of the Cooperative and deposited in a depository of the United States mail, or if sent by wire, to such person at such last known address. In the event that notice is given by mail or wire, it shall be deemed to have been served seventy-two (72) hours after depositing same in a depository of the United States mail or sending by wire.
4. If the last day of any time period falls on a Saturday, Sunday, or legal holiday, said time period shall be extended to the next day that is not a Saturday, Sunday, or legal holiday.

ARTICLE XI - EXECUTION OF AMENDMENTS

Upon its execution by the undersigned Members, after authorization granted pursuant to appropriately adopted Ordinances, or resolutions, as applicable, this Agreement and any amendments thereto shall be binding upon and inure to the benefit of all Members and all Eligible Employees employed by Members who are participating in the Cooperative.

In Witness whereof, the signatures set forth below by the duly authorized officers of the _____ of _____ County, Pennsylvania, indicate the _____'s acceptance of the terms and conditions set forth in the Pennsylvania Municipal Health Insurance Cooperative Agreement and its intention to become a party to the PMHIC.

Duly approved and executed on the _____ day of _____, 201____, the undersigned:

Member Name _____

By: _____

Title: _____

(Seal)

Attest: _____

Title: _____