

## Pennsylvania Municipal Health Insurance Cooperative Agreement

This AGREEMENT is made this 4<sup>TH</sup> day of, OCT. 2004 by and between the undersigned participating municipalities ("Members").

### ARTICLE I – DEFINITIONS

1. "Member" shall mean any government subdivision of the Commonwealth; 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 Members of the Cooperative. The new Members shall agree to be bound by this Agreement and comply with the provisions hereof by executing such instruments as the Members may require evidencing their agreement to be bound by this Agreement.

2. "Eligible Employee" shall mean any person designated as eligible for coverage by a Member.

3. "Agreement" shall mean this instrument, including any amendments hereto made in conformity with its terms.

4. "Cooperative" shall mean the Cooperative created and established by this Agreement. The Cooperative shall include all Premiums received from Members, interest, and income or return thereon, all insurance policies, including Premium dividends, refunds and all other sums payable by or to the Cooperative on account of such policies and held by the Cooperative from any source whatever for the uses and purposes of the Cooperative set forth herein.

5. "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.

6. "Director" shall mean an incumbent member of the Pennsylvania Municipal Health Insurance Cooperative Board of Directors who is appointed pursuant to the terms of this Agreement.

7. "Board of Directors" shall mean the governing body of the Cooperative comprised of one director for each participating Member municipality.

8. "Premiums" shall mean the amount of dollars that shall be paid to the Cooperative by a Member at the rate periodically set by the Board of Directors,

9. "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.

10. "Benefits" shall mean any and all benefits provided for eligible employees as herein defined.

11. "Carrier" shall mean any insurance company offering health care insurance coverages and/or benefit administrative services to Eligible Employees.

12. "Executive Committee" or "Committee" shall mean a committee comprised of the Chair, Vice Chair, Secretary, Treasurer and Assistant Secretary/Treasurer of the Board of Directors.

## ARTICLE II - ESTABLISHMENT OF COOPERATIVE

1. There is hereby established and maintained a health and welfare Cooperative to be known as the Pennsylvania Municipal Health Insurance Cooperative.

This Cooperative shall be used to provide health and welfare plan benefits directly to Eligible Employees, their families and dependents, and to that end to provide for any or all of the following benefits: life, accident and dismemberment, hospital, surgical, medical, prescription drug, dental, vision, and sickness benefits, whether by insurance or otherwise, but excluding pension, retirement pay, annuities, unemployment benefits, workman's compensation and vacation payments. The Board of Directors shall provide a written Plan specifying in detail the basis upon which payments shall be made, including eligibility and membership therein; which Plan, shall be adopted and implemented by the Executive Committee.

2. The Cooperative shall be governed by the Board of Directors and shall be managed by the Executive Committee according to their sole discretion, subject only to the limitations of this Agreement and those imposed by law.

3. Each Member shall pay to the Cooperative the amount set forth by the Board of Directors to maintain the health and welfare and other benefits for its respective Eligible Employees

## ARTICLE III - PARTICIPATION

All Members must specifically agree to comply with all of the provisions of this Agreement and show evidence of an adopted municipal ordinance or resolution, as applicable, approved by the elected officials of the municipality or appointed officials of any municipal authority.

## ARTICLE IV - BOARD OF DIRECTORS

1. The Cooperative shall be governed by a Board of Directors. Each Member shall select one representative to serve on the Board of Directors. Each representative shall serve in that capacity at the discretion of the Member who selected him or her. Each member of the Board of

Directors shall be bound by the State Ethics Act. Each representative shall serve in that capacity for a period of one (1) year or until his or her successor is appointed. A representative shall be appointed at the organizational meeting of each municipality. No representative shall receive a salary or any other payment from the Cooperative as compensation for his or her service as a representative of a Member on the Board of Directors. 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. These elected officers shall constitute the Executive Committee of the Cooperative. All officers shall serve for a one (1) year term, as long as qualified as a member of the Board of Directors or until their successors are appointed. There will be no limit on the number of successive terms that an officer may serve.

3. An annual meeting of the Board of Directors will be held prior to the beginning of each fiscal year of the Cooperative, at such time as determined by the Executive Committee. 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 Board of Directors may be called at any time by the Executive Committee or any Members comprising at least twenty-five percent (25%) of the number of Members in the Cooperative. Notice of a special meeting must be given to all members at least two (2) weeks in advance, and such notice must state the general nature of the business to be discussed or transacted at such meeting.

The Chair of the Board may call for an emergency meeting of the Board of Directors. Notice of an emergency meeting must be given to all members at least twenty-four (24) hours in advance, and such notice must state the specific and emergency nature of the business to be discussed or transacted at such meeting.

4. The Board of Directors shall have the authority to:

(a) formulate, change, and promulgate such By-Laws, rules, regulations, or resolutions not inconsistent with this Agreement as may be necessary or desirable to facilitate the proper administration of the Cooperative, including but not limited to provisions regarding the time and call for a Board of Directors meeting, a depository for Member's payment, the adoption of a budget, the kind and amounts of benefits, Premiums, and to establish eligibility for benefits,

(b) delegate such of its ministerial powers and duties to the Executive Committee or to such servants, agents, or employees of the Cooperative as may, in the opinion of the Directors, be desirable, and

(c) purchase error or omissions insurance to protect the actions of the Board of Directors and/or Executive Committee.

## ARTICLE V - POWERS AND DUTIES OF EXECUTIVE COMMITTEE

1. The Executive Committee 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) To 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 administering the affairs of the Cooperative, including particularly, but not exclusively, the employment of or contracting administrative, executive, actuarial, consulting, secretarial, legal, accounting, expert, and clerical personnel, and other employees and assistants, the purchase of materials, supplies, and equipment; all as the Executive Committee, in their sole discretion, may find necessary or appropriate to the performance of their duties and the sound and efficient administration of the Cooperative. The payment of said expenses shall be pursuant to the annual budget approved by 2/3 of the Board of Directors.

(b) To prepare an annual budget to provide for payment of all reasonable and necessary expenses incurred by the Cooperative. The annual budget shall be effective January 1 of each year the Pennsylvania Municipal Health Insurance Cooperative is in operation. The Executive Committee shall provide the proposed annual budget to Board of Directors no later than November 1 of the preceding year. If the proposed budget is not approved by the Board of Directors prior to January 1st of each year of operation, the Cooperative shall operate under a budget identical to the prior year until a new budget has been approved.

(c) To give effect to a written Plan of the Board of Directors providing for benefits, eligibility, Premiums, and payments for the procuring of benefits. In no event shall the benefits be modified, altered or amended to provide less or fewer benefits or protection available to the Members and its Eligible Employees or beneficiaries, which were available on the inception of the Plan and the Members approval of the agreement. To pay or provide, by insurance or otherwise, for the payment of benefits authorized hereunder to such Members, Eligible Employees and their dependents as are eligible in accordance with the rules and regulations adopted by the Board of Directors from time to time and to pay out of the Cooperative such sums as may be necessary for the purpose of providing said benefits and administering the Cooperative, including costs incurred in establishing the Cooperative and applicable taxes imposed upon the Cooperative, and to contest the validity of any tax, levy, assessments, claim, or demand which may be levied or made against the Cooperative. The payment of said expenses shall be made pursuant to the annual budget approved by the Board of Directors.

(d) To establish and accumulate such reserve funds as the Committee may deem necessary or desirable for the proper and safe administration of the Cooperative and to invest and reinvest said reserves or a portion thereof in the Pennsylvania Local Government Investment Trust (PLGIT), obligations of the United States government, and/or in savings accounts or certificates of deposit with one or more federally insured financial institutions in such amounts as will fully

qualify the deposit for federal insurance. All investments shall be made in accordance with various municipal codes and/or other laws relating to municipal investments.

(e) Within one year after the payment of Premiums, to recommend to the Board of Directors a schedule of refunds to Members, including interest earned, of such moneys as are found to be in excess of amounts due from them or which were secured by the Cooperative through inadvertency or mistake of fact.

(f) Approval by 2/3 of the Members shall be necessary to 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 on such terms as the Members, in their sole discretion, may deem advisable or desirable, to construe the provisions hereof and of the Plan and any rules or regulations adopted by the Directors and any such construction thereof adopted in good faith by the Board of Directors shall be binding upon all of the parties hereto and beneficiaries hereof. Action or inaction by 2/3 of the Members shall not waive individual rights of Members or eligible employees to pursue actions or legal proceedings in their own right.

(g) To provide for the administration, in whole or in part, of the benefits hereunder.

(h) To keep true and accurate books of accounts and records of all such transactions in the care of the Secretary or Treasurer.

(i) To select and retain a general administrator which shall function as the chief administrator for the Cooperative (the "Administrator"). The Committee may also select and retain other professional advisors and professional service providers to assist and advise the Committee and Board of Directors and the Administrator in the carrying out of the Cooperative functions. Such professional advisors may include, without limitation, a claims administrator, an investment advisor, an underwriting advisor, actuaries, accountants, auditors, attorneys and any other individuals, entities, or experts as the Committee deem appropriate from time to time. The Committee shall determine payment for General Administrator and other professional advisors and professional services and such payments shall be an item included in each annual budget.

2. The Committee may do all things, execute all instruments, and enter 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 - POWERS OF MEMBERS

Members to this Agreement shall have the following powers:

(a) To authorize the Cooperative to initiate legal proceedings pursuant to this Agreement upon the approval of 2/3 of the Members.



(b) To amend, modify or terminate this Agreement upon the approval of 2/3 of the Members.

## ARTICLE VII – PREMIUMS

1. Each Member shall certify to the Cooperative each employee who is or shall become an Eligible Employee entitled to coverage in accordance with the terms of the Agreement and the Member's Plan.

2. The Cooperative may act solely upon such certification, and by so acting, no Director, so long as he shall act in good faith, shall incur any individual responsibility, liability, or obligation for such action.

3. 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 administrator and/or the insurance carrier in accordance with the terms and conditions of the contract between the Cooperative and the insurance carrier.

4. Each failure of a Member to submit timely reports as to new enrollees and terminations, in the form or forms prescribed by the Executive Committee, 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 Executive Committee 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 Executive Committee may only sue such Member, with 2/3 approval by the Members. In the event that the Executive Committee sues a Member, the non-prevailing party agrees to pay all expenses of suit, including court costs and reasonable attorney's fees.

5. 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.

6. If a Member fails to pay Premiums, whether because of reporting the Eligible Employee and not making proper payment of Premiums, or by not reporting the Eligible Employee by the twentieth of the month and thereby not making payment of Premiums which are due to the Cooperative by the first day of the month for which coverage is provided and that Premium is due on the first business day thereafter if the last day of the month shall fall on a Saturday, Sunday, or legal holiday, 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.

7. All Members paying Premiums to the Cooperative shall make such reports and statement 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 Executive Committee may deem necessary and desirable. The Executive Committee 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 accomplishment of 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 the following:

All state and federal employment tax reports, payroll ledgers, time cards and other records, which may be necessary to determine the number of hours, worked by all Eligible Employees for whom Premiums are being paid or should be paid.

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.

8. Notwithstanding the foregoing, the Executive Committee 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 Executive Committee.

## ARTICLE VIII - PERSONAL LIABILITY

1. The members of the Board of Directors and the Executive Committee are hereby empowered to do acts, whether or not expressly authorized herein, which the Board of Directors or Executive Committee 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, with 2/3 approval of the Members, may purchase errors or omissions insurance for themselves collectively and/or individually and for any other fiduciary employed by the Cooperative to cover liability for losses occurring by reason of the act or omission of a fiduciary 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 or Executive Committee 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.

5. 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 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 – INSURANCE

1. The provisions of this article are intended to govern the Cooperative's procurement of insurance and the relationship of the Board of Directors and the Members of the Cooperative to the insurance carrier.

2. The Cooperative may obtain policies from any insurance company or companies authorized to conduct business in the Commonwealth of Pennsylvania at such times and in such forms and amounts and with such provisions, conditions, and limitations as the Executive Committee may deem necessary or desirable to best effectuate the purpose of the Cooperative. The policies may be issued in the name of the Cooperative and the Executive Committee may exercise all rights and privileges granted to the policyholder and may agree with the carrier on any alterations, modifications, or amendments of the policy, as the Executive Committee, in its sole discretion, may deem necessary or desirable.

(a) The initial Plan for the Cooperative will be to secure dental and vision coverages underwritten and/or administered by an established insurance carrier licensed to operate in Pennsylvania, in response to the Request for Proposals issued by PMHIC on August 18, 2004 and shall further be in accordance with an agreement to be entered into between the Pennsylvania Municipal Health Insurance Cooperative and the carrier(s) selected as a result of the RFP process.

(b) The Cooperative shall endeavor to provide Members with insurance coverage that will satisfy the terms of any collective bargaining agreement within the Member municipalities,

(c) Once a Member voluntarily elects to enroll any eligible employees in one or more benefit plans offered by the Cooperative said Member may not withdraw from the Cooperative, or reduce the coverage provided to its employees through PMHIC as a means to accomplish a defacto withdrawal from the Cooperative, for a period of 3 years.

Any change, alteration or modification of the benefits offered by PMHIC shall not reduce the benefits or coverage available to the Members, which were otherwise available to the Members or beneficiaries at the inception of this Agreement or at the time a Member first joined the Cooperative.

3. Neither a Director, Member, employee, nor any labor organization, nor any member or employee of the aforesaid, shall receive, directly or indirectly, any compensation, gifts, commission, or emolument whatsoever in connection with or on account of any transaction between the Cooperative and insurance carrier.

4. Any Member, Eligible Employee or beneficiary of an Eligible Employee whose claim for benefits has been denied under any policy of insurance or self-funded Plan, in whole or in part, may appeal such denial in writing to the Executive Committee within sixty (60) days from the date of such denial, and determination of appeals will be made in accordance with the appeal language, eligibility rules and benefits as contracted for between the Cooperative and the Carrier. Nothing

herein shall be construed to waive or abolish any rights of an Eligible Employee or beneficiary of an Eligible Employee existing under state or federal law.

5. The Executive Committee shall forthwith notify the Carrier of any amendment or amendments adopted pursuant to this Agreement and execute any instrument necessary in connection therewith.

6. No insurance carrier shall be required to inquire into the authority of the Board of Directors or the Executive Committee with regard to any dealings in connection with a policy issued or to be issued by the carrier, but may in good faith rely solely upon any instrument executed by the Board of Directors or the Executive Committee. Nor shall any Carrier have a duty to see to the application of any moneys it may pay to, or according to the direction of, the Board of Directors or the Executive Committee.

7. Notwithstanding the forgoing provisions relating to insurance which may be contracted for by the Cooperative, any portion or all of the coverages and benefits provided for or contemplated by this Agreement may be funded by the Cooperative in any prudent and legal manner, including, but not limited to, self-funding by the Cooperative itself, as may be determined by the Board of Directors.

#### ARTICLE X - 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. The Executive Committee shall forthwith notify the insurance carrier of any amendment and execute any instrument, which may be necessary in connection therewith.

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 (including former Members who have not theretofore been repaid their contributions 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 XI - GENERAL PROVISIONS

1. Before becoming entitled to coverage under a Members Plan, an Eligible Employee shall execute such enrollment or application forms as may be required and accepted for coverage by the Cooperative.

2. The Member will indemnify the Cooperative for any and all judgments, costs, settlements and reasonable attorneys 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.

3. A Member shall be responsible for only 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, the Executive Committee, or other Members.

4. The initial term of participation by a Member in the Cooperative shall be 3 years as set forth in Article IX 2c. 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. Parties will be allowed to withdraw from the Cooperative following the initial three year term provided both of the following requirements are met,

(a) Notice of termination must be made 120 days prior to termination. Notice must be in writing and served to the Chair of the Executive Committee by certified mail.

(b) The withdrawing Member must make reimbursement to the Cooperative for any expenses of that Member, pursuant to the approved annual budget, which exceed previously paid Premiums. Upon withdrawal, the withdrawing Member shall be entitled to:

(A) First, a refund of any payments made by the withdrawing Member on account of anticipated, current costs and expenses otherwise attributable to such Member which because of its withdrawal did not become due and payable.

(B) Second, repayment of its share of accumulated reserve funds, if any, in the same proportion, after consideration of the interest earned or other return on investment obtained on such withdrawing Member's contributions to reserves during the period of investment, as such withdrawing Member's contributions to reserves bears to the total of all such contributions by all Members to such reserve funds.

5. Should any provisions 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.

6. 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, construction, and administration shall be determined in accordance with the laws of the Commonwealth of Pennsylvania and the United States.

7. 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.

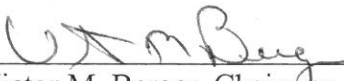
8. If the last day of any time period falls on a Saturday, Sunday, or legal holiday, said time period shall be extended to the next day that is not a Saturday, Sunday, or legal holiday.

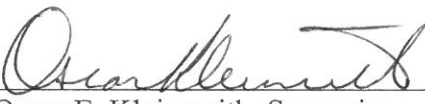
## ARTICLE XII-EXECUTION OF AGREEMENT

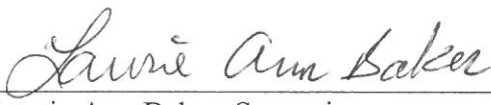
1. Upon its execution by the undersigned Members, after authorization granted pursuant to appropriately adopted Ordinances, or resolutions, as applicable, this Agreement shall be binding upon and inure to the benefit of all Members and all Eligible Employees employed by Members who are participating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

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

BOARD OF SUPERVISORS OF GREENWICH  
TOWNSHIP, BERKS COUNTY, PA

  
Victor M. Berger, Chairman

  
Oscar E. Kleinsmith, Supervisor

  
Laurie Ann Baker, Supervisor

Attest:

  
Township Secretary