

INTERGOVERNMENTAL AGREEMENT
AND BYLAWS

ORIGINAL

(Revised June 15, 2010)

BORMA BENEFIT PLAN

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ARTICLE I Definitions and Purpose

DEFINITIONS:

As used in this Intergovernmental AGREEMENT and Bylaws, the following terms shall have the meaning hereinafter set out:

AGREEMENT - This Intergovernmental Agreement and Bylaws.

MEMBERS – The entities which initially or later enter into this intergovernmental contract for the benefit of their employees.

COOPERATIVE – The Pool established pursuant to the Constitution and the statues of this State by this intergovernmental agreement.

BENEFIT ADMINISTRATOR – An officer of the COOPERATIVE selected or employed to administer the personnel benefit programs of the various MEMBERS of the COOPERATIVE.

ADMINISTRATIVE FUND – A fund of monies established by the MEMBERS of the COOPERATIVE to pay for the joint administration of personnel nonsalary benefit programs offered by each MEMBER to its employees, and, in come cases, retired employees, and turned over for pooled coverage and administration to the COOPERATIVE.

BENEFIT POOL – A fund of monies established by the MEMBERS of the COOPERATIVE to fund certain benefits granted by the individual MEMBERS of the respective then-current or former employees and to purchase excess, aggregate, or other insurance. The funds within the BENEFIT POOL may be used to pay benefits for such employees of any MEMBER.

BENEFITS – Nonsalary payments made to then-current or former employees, including but not limited to, payments or reimbursement of expenses arising out of an illness or an accident and life insurance proceeds. The entities which have formed the COOPERATIVE have determined not to purchase insurance coverage for benefit payments below certain high limits, but rather to rely upon their pooled financial capabilities to pay any benefits which occur and to purchase some insurance to protect against catastrophic, aggregate, and certain other benefit claims. As used in this agreement, the word “employees” shall also refer to retired employees of those MEMBERS which provide such benefit programs.

FISCAL YEAR – The Fiscal Year shall be the period beginning January 1 and ending December 31.

PURPOSE:

The Cooperative shall function as an administration agency to receive, process, and pay benefit claims and create a pool of funds to pay such benefits below certain levels over which such claims shall be paid by specific and aggregate stop-loss insurance policies. The Cooperative shall also carry out such claims reduction and educational programs as shall be authorized by its

Board of Directors. The creation of the various funds and pools established in this AGREEMENT and Bylaws are not intended by the parties to constitute the transaction of an insurance business within the state of Ohio. The intent of the parties is to administer and pay for the varied benefits programs of its MEMBERS, establishing varied costs per MEMBER based upon the benefits offered and other factors, and to utilize the Cooperative to achieve reduced costs of administration by providing similar services to all MEMBERS of the entity and to permit the MEMBERS to pool the costs of the payment of such benefits and to purchase insurance as a group.

ARTICLE II Powers and Duties

The COOPERATIVE, to perform and accomplish the purposes set forth above, within the budgetary limits and procedures set forth in this AGREEMENT, may:

- (a) Employ agents, employees, and independent contractors;
- (b) Lease real property and to purchase or lease equipment, machinery, or personal property necessary for the carrying out of the purpose of the COOPERATIVE;
- (c) Carry out educational and other programs relating to health, accident, and other claims reductions;
- (d) Cause the creation of, see to the collection of funds for the administration of the COOPERATIVE (Administrative Fund), and to create the Benefit Pool;
- (e) Purchase excess aggregate, group life, and other types of insurance Approved by the Board of Directors; and
- (f) Carry out such other activities as are necessarily implied or required to carry out the purpose of the COOPERATIVE specified in Article I of the specific powers enumerated in Article II.

ARTICLE III Participation and Term

The initial MEMBERS of the COOPERATIVE shall be those entities, which have passed a resolution approving this AGREEMENT of the cooperative at the time set out in Article IV. Other than the initial MEMBERS, new MEMBERS may join the COOPERATIVE upon the affirmative vote of two-thirds (2/3) of the MEMBERS or upon the vote of a majority of the members of the Executive Committee as such power is delegated by the Board of Directors to that body. New MEMBERS may be admitted subject to the payment of such sums of the imposition of such conditions as shall be established at the time an offer of participation in the cooperative is made. The initial term of the COOPERATIVE shall be for three (3) years. After the initial (3) year term of the COOPERATIVE, the MEMBERS may, in the manor provided in Article V(h)(4), extend the term of the COOPERATIVE for individual extended terms each of which shall be for three (3) years.

Any new MEMBER shall remain a MEMBER for at least a period of (3) years, if the COOPERATIVE shall continue in existence during this time. If such a MEMBER should thereafter continue its membership in the COOPERATIVE, the term of its membership shall continue until the end of the COOPERATIVE'S then-current three-year cycle. Thereafter, membership shall be renewed as provided for in Article XVII.

The Board of Directors may in any three-year cycle of the existence of the COOPERATIVE extend or reduce the length of the cycle by no more than six (6) months in order to achieve a date for the commencement of a fiscal year more in keeping with the desire of the MEMBERS.

ARTICLE IV Commencement of the Cooperative (Optional)

The Cooperative shall commence its operations on the 1st of the month which shall occur at least 15 days after the AGREEMENT is approved by MEMBERS which have a total of at least 400 employees not covered by HMO's. The MEMBER shall send to the person or corporation designated by the Steering Committee a certified copy of the Resolution, along with the payment of the estimated first month's contribution to the COOPERATIVE. In addition, the firm designated by the COOPERATIVE must certify in writing to the Chairman of the board of Directors of the COOPERATIVE that the MEMBERS which have approved the Contract and Bylaws can, as a group, support the initial financial commitments of the COOPERATIVE.

Entities intending to join the initial COOPERATIVE but do not join the COOPERATIVE at the initial date of its commencement, may join as a matter of right on the 1st of the month for any one of six (6) succeeding months thereafter, by approving the AGREEMENT as then in existence at least 15 days prior to the date at which it desires to join. Such entity shall be responsible for the proportional payment of all costs incurred by the COOPERATIVE plus an inflation factor increase of 1.67% per month until the month of joining.

ARTICLE V Board of Directors

- (a) There is hereby established a Board of Directors of the COOPERATIVE. Each MEMBER shall appoint one (1) representative to represent that body on the Board of Directors. The MEMBER shall also appoint another representative to serve as an alternate representative when the initial representative is unable to carry out that representative's duties. The representative and alternate shall be appointed by the MEMBER'S legislature.

Once such appointments are made known to the COOPERATIVE, the representatives appointed shall remain in office until the COOPERATIVE receives evidence of the appointments of other representatives. The COOPERATIVE shall be the judge of the proper appointment of members of the Board of Directors and alternates and shall utilize, in case of a dispute, general principles of Ohio law. The representative and alternate selected need not be elected officials of the MEMBER. The Board of Directors may in any current fiscal year, select a new Chairman and Vice-chairman to serve during the subsequent fiscal year. The Chairman shall be the chief executive officer of the COOPERATIVE. The Chairman shall preside at all meetings of the Board and the Executive Committee at which the Chairman is present. The Chairman may request information from any officer of the Board or the COOPERATIVE or any employee or independent contractor of the COOPERATIVE. The Chairman shall vote on all matters that come before the Board or committees on which the Chairman serves, The Chairman shall be non-voting ex-officio member of all committees of the COOPERATIVE on which the Chairman does not directly serve. The Chairman shall have such other powers as are set forth in this AGREEMENT, and such other powers as he may be given from time to time by action of the Board.

The Vice-chairman shall carry out all duties of the Chairman of the Board during the absence or inability of the Chairman to perform such duties, and shall carry out such other functions as are assigned from time to time by the chairman or the Board of Directors. The Board of Directors may from time to time establish other officers of the Board who shall serve for one (1) year terms and may elect a member of the Board to serve in any of such offices. The Board shall fill any Vacancies that may occur in such offices for the remainder of the term.

- (b) The Board of Directors shall determine the general policy of the COOPERATIVE, which policy shall be followed by the officers, agents, employees, and independent contractors employed by the COOPERATIVE. Among other items, it shall have the responsibility for (1) hiring of COOPERATIVE officers, agents, non-clerical employees and independent contractors, (2) setting of compensation for all persons, firms, and corporations employed by the COOPERATIVE, (3) setting of fidelity bonding requirements for employees or other persons, (4) approval of amendments to the AGREEMENT, (5) approval of the acceptance of new MEMBERS and expulsion of members, except that the approval of new MEMBERS may be delegated to the Executive Committee. In the motion making such delegation, the Board may establish standards which new MEMBERS must meet or exceed, as well as procedures relating

to the application and acceptance process, (6) approval and amendment of the annual budget of the COOPERATIVE, (7) resolution of disputes over the scope of pooled self-insurance coverage provided by the COOPERATIVE, (8) approval of educational and other programs relating to risk reduction, (9) approval of reasonable and necessary loss reduction and prevention procedures which shall be followed by all MEMBERS, (10) approval of annual payments to the Administrative Fund and Benefit Pool for each MEMBER, and (11) approval of additional terms for the existence of the COOPERATIVE. The Board of Directors shall establish such rules and regulations regarding the payout of funds from the Benefit Pool as shall from time to time seem appropriate.

- (c) Each MEMBER shall be entitled to one (1) vote on the Board of Directors. Such vote may be cast only by the designated representative of the MEMBER or in the member's absence by an alternate selected by The MEMBER in the same manner as specified for the selection by the principal representative. No proxy votes or absentee votes shall be permitted. Voting shall be conducted by voice vote unless one (1) or more MEMBERS of the Board of Directors shall request a roll call vote; provided, however, that:
1. Any one vote which requires a greater than majority vote for passage shall be by roll call vote, and
 2. In the event that an authorization of the funds shall pass by voice vote, any member of the Board seeking to abstain or vote in the negative regarding such authorization and wishing that vote to be specifically recorded, shall indicate such vote to the presiding officer. On any other vote taken by the Board, a member voting in the minority position on a voice vote may also have that voice vote recorded in the Minutes by specifically indicating such vote to the presiding officer.
- (d) The representative selected by the MEMBER shall serve for one (1) year term commencing on the date of the commencement of the fiscal year of the COOPERATIVE and until a successor has been selected. The representative shall be chosen by the MEMBER'S Legislature. A vacancy occurring in the representative or the alternate representative selected by the Legislature of a MEMBER, or the failure of the Member to select a representative, or the failure of that representative to participate shall not affect the responsibilities or duties of a MEMBER under this AGREEMENT.
- (e) The Board of Directors shall have the power to establish both standing and ad hoc committees. The Chairman of the Board may also establish ad hoc committees, which do not conflict with those established by the Board. Unless the Board of Directors shall establish some other procedure, the selection of members of the Board of Directors who shall serve on such committee and chair them shall reside with the Chairman of the Board of Directors. The Chairman of the Board of Directors may appoint nonvoting and nonpaid persons who are not members of the Board of

Directors to serve on a committee with the authority to authorize the expenditure of funds and to settle claims or suits brought against entities within the scope of coverage provided by the authority. The Board of Directors may authorize the establishment of an Executive Committee. That Executive Committee shall, at a minimum, consist of the Chairman and Vice-chairman of the Board, the Treasurer, and such other persons as the Board shall designate. The Board of Directors may accord to that Executive Committee the authority to approve expenditures, authorize a settlement of claims and suits, admit new MEMBERS and take such other action as shall be specifically delegated to it.

- (f) The Board of Directors may establish rules governing its own conduct and procedures not inconsistent with the AGREEMENT.
- (g) A quorum shall consist of a majority of the MEMBERS of the Board of Directors. Except as provided in Subsection (h) Herein, or elsewhere in this AGREEMENT, a simple majority of a quorum shall be sufficient to pass upon all matters.
- (h) A greater vote than a majority of a quorum be required to approve the following matters:
 - 1. Such matters as the Board of Directors shall establish within its rules as requiring for passage a vote greater than a majority of a quorum, provided, however, that such a rule can only be established by a greater than majority vote at least equal or greater than the percentage within the proposed rule.
 - 2. The expulsion of a MEMBER shall require the two-thirds (2/3) vote of the entire membership of the Board of Directions.
 - 3. Any amendment of this AGREEMENT, except as provided in Subsection 4. below, shall require the two-thirds (2/3) vote of the entire membership of the Board of Directors.
- (i) No one serving on the Board of Directors shall receive any salary or other payment from the COOPERATIVE and any salary, compensation, payment or expenses for such representative shall be paid by each MEMBER separate from this AGREEMENT. Provided, however that the Chairman of the Board, Treasurer and such other officers as may be selected from time to time may submit to the Board of Directors for their approval reimbursement of expenses incurred in the pursuit of their position as officers of the COOPERATIVE. The reimbursement for such expenses shall include amounts advanced on behalf of the COOPERATIVE either by the officer himself or by a MEMBER of the COOPERATIVE.

ARTICLE VI Board of Directors' Meetings

- (a) Regular meetings of the Board of Directors shall be held at least two (2) times a year. The dates of regular meetings of a board shall be established at the beginning of each fiscal year. Any item of business may be considered at a regular meeting. At least one (1) meeting must be held during the first half of the fiscal year and at least one (1) meeting held during the second half of the fiscal year. Special meetings of the Board of Directors may be called by its Chairman, or any three (3) Directors. The Chairman, or in his absence, the Vice-chairman, shall give ten (10) days written, or electronic mail notice of regular or special meetings to the official representatives of each MEMBER and an agenda specifying the subject of any special meeting shall accompany such notice. Business conducted at special meetings shall be limited to those items specified in the agenda.

- (b) The Board of Directions may hold its first meeting up to thirty (30) days prior to the commencement of the term of the COOPERATIVE, at which officers shall be selected and other organizational business may be transacted.

- (c) The time, date, and location of regular and special meetings of the Board of Directors shall be determined by the Chairman of the Board of Directors, or in his absence, by the Vice-chairman. Special meetings may be held in person or by conference call or other electronic forum, as allowed by law.

- (d) To the extent not contrary to this AGREEMENT, and except as modified by the Board of Directors. Roberts Rules of Order, latest edition, shall govern all meetings of the Board of Directors, Minutes of all regular and special meetings of the Board of Directors shall be sent to all members of the Board of Directors.

ARTICLE VII Cooperative Officers

- (a) Officers of the COOPERATIVE shall consist of a Benefit Administrator, a Treasurer, a Secretary, and such other officers as are established from time to time by the Board of Directors, All COOPERATIVE officers shall be appointed by the Board of Directors.
- (b) The Benefit Administrator shall be the chief administrative officer of the COOPERATIVE and shall in general supervise and control the day-to-day operations of the COOPERATIVE and shall carry out the policy of the COOPERATIVE as established in this AGREEMENT and by the Board of Directors. Among his duties shall be the following:
 - 1. He may sign, with such other person authorized by the Board of Directors, any instruments which the Board of Directors have authorized to be executed and, in general, shall perform all duties incident to the office of Benefit Administrator and such other duties as may be prescribed by the Board of Directors from time to time.
 - 2. The Benefit Administrator shall prepare a proposed annual and proposed Administrative Fund and Benefit Pool payment and shall submit such proposals to the Board of Directors.
 - 3. The Benefit Administrator shall, where necessary, make recommendations regarding policy decisions, the creation of other COOPERATIVE officers, and the employment of agents and independent contractors. At each regular meeting of the Board of Directors and at such other times as he shall be required to do so, he shall present a full report of his activities and the fiscal condition of the COOPERATIVE.
 - 4. The Benefit Administrator shall report monthly to each MEMBER on claims filed and payouts made for that MEMBER.
 - 5. The Benefit Administrator shall, within the constraints of the approved or amended budget, employ all secretarial, clerical, and other similar help and expend funds for administrative expenses.
- (c) In the absence of the Benefit Administrator or Treasurer, or in the event of the inability or refusal of such officers to act, the Chairman of the Board of Directors may perform the duties of the Benefit Administrator or Treasurer, and, when so acting, shall have all the powers of and be subject to all of the restrictions upon the Benefit Administrator or Treasurer.
- (d) The COOPERATIVE shall purchase a bond in the minimum amount contained within the Benefit Pool to assure the fidelity of the Chairman of the Board, Benefit Administrator, and Treasurer. Without amending these Bylaws, the Board of

Directors, by motion, may increase the amount of the bonds for officers, directors, employees or independent contractors of the COOPERATIVE.

(e) The Treasurer shall:

1. Have charge and custody of and be responsible for all funds and securities of the COOPERATIVE; receive and give all receipts for monies due and payable to the COOPERATIVE from any source whatsoever; deposit all such monies in the name of the COOPERATIVE in such banks, savings and loan associations, or other depositories as shall be selected by the Board of Directors; invest the funds of the COOPERATIVE as are not immediately required in such securities as the Board of Directors shall specifically or generally select from time to time; and maintain the financial books and records of the COOPERATIVE. Provided, however, that all investments of the COOPERATIVE funds shall be made only in those securities which may be purchased by Ohio cities under the provisions of the Ohio Revised Code.
2. In general, perform all duties incident to the office of Treasurer, and such other duties as from time to time may be assigned to him by the Board of Directors.

(f) The Board may select a financial institution to carry out some or all of the functions which would otherwise be assigned to a Treasurer and may select a management company or agent to serve as Benefit Administrator to carry out some or all of the functions which would otherwise be assigned to a Benefit Administrator. The Board may also employ persons or companies as independent contractors to carry out some or all of the functions of officers of the COOPERATIVE.

ARTICLE VIII Finances

- (a) The payments by the MEMBERS in the first year of the existence of the COOPERATIVE shall be no more than 15% above those amounts as initially determined.

(b) Administrative Fund

The cost of the administration of the COOPERATIVE shall be borne by each of its MEMBERS in direct proportion to the number of employees of the MEMBER whose benefit programs are to be administered by the COOPERATIVE, as compared to the total number of employees served by the COOPERATIVE.

Whenever payments to the Administrative Fund shall be based upon an estimate, the MEMBER shall promptly receive a refund or pay a deficiency when final figures become available. The Administrative Fund shall pay all of the administrative cost of the COOPERATIVE and the total budget of the COOPERATIVE shall be from time to time modified by action of the Board of Directors.

(c) The Benefit Pool

Payments into the Benefit Pool will be developed and administered in the following manner:

1. Before the start of each fiscal year, the Benefit Administrator will determine on the basis of actuarial data, the amount of total payments from all members necessary to fund anticipated benefit payments and the cost of excess or other reinsurance. The Benefit Administrator will also recommend how this total amount of anticipated expenses should be divided among the MEMBERS, along with a budget for the operation of the COOPERATIVE.
2. The initial rates for MEMBERS have been based on a constant ratio of their prior rates or their claim levels. Such initial rates are, therefore, sensitive to claim results, benefit structures, location, and census characteristics. The Benefit Administrator will begin his determination of recommended rates for future years utilizing these rates. At each renewal, once the funding needs of the plan as a whole have been established, the Board of Directors, by majority vote, may establish rates for MEMBERS for the upcoming year. These may be further modified by claim experience, rate-blending formulas, or the financial needs of the COOPERATIVE as adopted by majority vote of MEMBERS.
3. The Board of Directors, at least 45 days prior to the start of each fiscal year, will approve the total pool estimate and the manner of pool payment distribution. A failure of the Board to approve the estimate and distribution as provided above shall not invalidate such action taken at a later date provided that no MEMBER

shall have less than thirty (30) days prior notice of payments due the COOPERATIVE as a result of such action.

4. The Benefit Administrator, upon approval of the Board of Directors, will purchase excess insurance coverage to fully fund all claims made above the level of the anticipated benefit payments at a point determined by the Board of Directors. He shall also purchase such other insurance coverage as may be approved by the Board of Directors.
5. Without regard to any other provision contained within this Article VIII, the Board of Directors may establish charges to be paid by the MEMBERS for life insurance benefits to be based upon total pooling of the experience of all MEMBERS, with each MEMBER paying the same cost per employee for such life insurance coverage. The time at which a determination regarding the amounts due for such life insurance coverage and the manner in which such amounts shall be paid shall be the same as that established for other payments into the Benefit Pool.

(d) General Fiscal Matters

1. Copies of all recommended and final budgets shall be promptly mailed to each MEMBER of the Board of Directors.
2. The Board of Directors shall provide to the MEMBERS an annual audit of the financial affairs of the COOPERATIVE to be made by a certified public accountant at the end of each fiscal year in accordance with generally accepted auditing principles.

(e) Required Payments

During any fiscal year, a MEMBER shall only be required to make payments into the Benefit Pool for those covered classes established at the beginning of the fiscal year, who are from time to time employed by the MEMBER, and who do not have the statutory right to elect to receive benefits from an HMO or similar entity. Unless the administrative costs of the COOPERATIVE can be proportionately reduced, however, a MEMBER shall be required to make payments into the Administrative Fund for at least 50 % of the number of covered employees and officers it employed at the beginning of the fiscal year.

ARTICLE IX Plan of Benefits

Members initially have elected Benefit Plans. MEMBERS may change the Plan of Benefits from that currently offered provided that MEMBER shall notify the Chairman of the Board of the COOPERATIVE at least thirty (30) days prior to the intended effective date of such change; and such change shall be subject to a redetermination on an actuarial basis of the payments due the COOPERATIVE. The Benefit Administrator shall make a determination as to the amount of the increased or reduced payment required in light of the change in the Plan of Benefits. If the MEMBER disputes the amount of redetermination, a final decision regarding such amount shall be made by the Board of Directors. For the period of their membership in the COOPERATIVE, all MEMBERS shall jointly self-insure all health and dental benefits offered within the COOPERATIVE.

ARTICLE X Excess Insurance

The COOPERATIVE will purchase excess insurance from a company approved by the Department of Insurance to write such coverage in Ohio. The amount of such excess insurance shall, at the minimum, be such that if the claims administered by the COOPERATIVE attributed to any one year shall exceed predicted claims by more than 20%, the excess insurance shall cover all additional claims. Provided, however, that by a two-thirds (2/3) vote of the entire membership of the Board of Directors, the level at which the excess insurance coverage shall commence may be increased or decreased from the amount of 20% over predicted claims. The Board shall also procure specific stop-loss coverage at such levels as are approved by the Board of Directors.

ARTICLE XI Obligations of Members

The obligations of members of the COOPERATIVE shall be as follows:

- (a) To budget for, where necessary to levy for, and to promptly pay all ANNUAL or other payments to the ADMINISTRATIVE FUND and BENEFIT POOL at such times and in such amounts as shall be established by the Board of Directors within the scope of this AGREEMENT. Any delinquent payments shall be paid with a penalty, which shall be equal to the Federal Funds rate plus 1.5%.
- (b) To select a representative to serve on the Board of Directors, and to select an alternate representative.
- (c) To allow the COOPERATIVE reasonable access to all facilities of the MEMBER and all records including, but not limited to, financial records which relate to the purpose or powers of the COOPERATIVE.
- (d) To allow attorneys employed by the COOPERATIVE to represent the MEMBER in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the MEMBER within the scope of loss protection furnished by the COOPERATIVE.
- (e) To furnish full cooperation with the COOPERATIVE'S attorneys, the Benefit Administrator and any agent, employee, officer, or independent contractor of the COOPERATIVE relating to the purpose and powers of the COOPERATIVE.
- (f) To furnish the COOPERATIVE with a copy of revisions to its written benefit program at least thirty (30) days prior to the effective date of such change.
- (g) To report to the COOPERATIVE as promptly as possible all claims made to it within its benefit programs as administered by the COOPERATIVE.

ARTICLE XII Liability of Board of Directors or Officers

The MEMBERS of the Board of Directors of the COOPERATIVE should use ordinary care and reasonable diligence in the exercise of their power and in the performance of their duties hereunder; they shall not be liable for any mistake of judgment or other action made, taken, or omitted by them in good faith; nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care; nor for loss incurred through investment of COOPERATIVE funds, or failure to invest. No Director, other than the Chairman of the Board of Directors, shall be required to give a bond or other security to guarantee the faithful performance of their duties hereunder. The ADMINISTRATIVE FUND shall be used to defend and hold harmless any Director or officer for actions taken by the Board, or performed by the Director within the scope of his authority for the COOPERATIVE. The COOPERATIVE may purchase insurance providing similar coverage for such Directors or officers.

Article XIII Additional Insurance

From time to time the COOPERATIVE, through the distribution of the minutes of the Board of Directors or through other means, shall inform all MEMBERS of the scope and amount of excess insurance in force. Membership in the COOPERATIVE shall, where requested, make its facilities available to advise MEMBERS of the types of additional or different employee benefits or excess insurance coverage available to units of local government.

ARTICLE XIV Disputes Over Coverage

In the event that a MEMBER should dispute a decision of the Benefit Administrator denying a benefit, the matter shall be presented to the Board of Directors, which shall determine whether the benefit payment should be made. The decision of the Board of Directors shall be final.

ARTICLE XV

Contractual Obligation

This document shall constitute a contract among those entities, which become MEMBERS of the COOPERATIVE. The obligations and responsibilities of the MEMBERS set forth herein including the obligation to take no action inconsistent with this AGREEMENT as originally written or validly amended, shall remain a continuing obligation and responsibility of the MEMBER. The terms of this AGREEMENT may be enforced in a court of law by the COOPERATIVE.

The consideration for the duties herewith imposed upon the MEMBERS to take certain actions and to refrain from certain other actions, shall be based upon the mutual promises and agreements of the MEMBERS set forth herein. This AGREEMENT may be executed in duplicate originals and its passage by MEMBER entities shall be evidenced by a certified copy of a resolution passed by a majority of the members of the Legislature of the MEMBER then in office. Provided, however, that except to the extent of the limited financial contributions to the POOL agreed to herein, or such additional obligations as may come about through amendments to this agreement, no MEMBER agrees or contracts herein to be held responsible for any claims in tort or contract made against any other MEMBER. The contracting parties intend in the creation of the POOL to establish an organization for intergovernmental self-insurance only within the scope herein set out. They have not herein created as between MEMBER and MEMBER any relationship of surety, indemnification or responsibility for the debts of or claims against any individual MEMBER nor have they intended to create an insurance company or mutual organization regulated by the Department of Insurance

ARTICLE XVI Expulsion of Members

By the vote of two-thirds (2/3) of the entire membership of the Board of Directors, any MEMBER may be expelled. Such expulsion may be carried out for one or more of the following reasons:

- (a) Failure to make any payments due to the COOPERATIVE.
- (b) Failure to undertake or continue loss reduction and prevention procedures adopted by the COOPERATIVE
- (c) Failure to allow the COOPERATIVE reasonable access to all facilities of the MEMBER and all records which relate to the purpose or powers of the COOPERATIVE.
- (d) Failure to furnish full cooperation with the COOPERATIVE'S attorneys, the Benefit Administrator, and any agent, employee, officer, or independent contractor of the COOPERATIVE relating to the purpose and powers of the COOPERATIVE.
- (e) Failure to carry out any obligation of a MEMBER which impairs the ability of the COOPERATIVE to carry out its purpose or powers.

No MEMBER may be expelled except after notice from the COOPERATIVE of the alleged failure, along with a reasonable opportunity of not less than thirty (30) days to cure the alleged failure. The MEMBER may request a hearing before the Board before any decision is made as to whether the expulsion shall take place. The Board shall set the date for a hearing which shall not be less than fifteen (15) days after the expiration of the time to cure has passed. A decision by the Board to expel a MEMBER after notice and hearing, and failure to cure the alleged defect shall be final unless the Board shall be found by a court to have committed a gross abuse of discretion. The Board of Directors may establish the date at which the expulsion of the MEMBER shall be effective at any time not less than sixty (60) days after the vote expelling the MEMBER has been made by the Board of Directors, or if a subsequent motion does not state the time at which the expulsion shall take place, such expulsion shall take place sixty (60) days after the date of the vote by the Board of Directors expelling the MEMBER.

After expulsion, the former MEMBER shall continue to be fully obligated for all obligations which were created during the term of its membership as if it was still a MEMBER of the COOPERATIVE. The expelled MEMBER shall, after expulsion, no longer be entitled to participate or vote on the Board of Directors.

ARTICLE XVII Withdrawal of a MEMBER, Continuing, and Termination of the Cooperative

Except as otherwise specifically provided, all MEMBERS of the COOPERATIVE shall be obligated to continue as MEMBERS during a three-year membership cycle. The obligation of a MEMBER during each cycle in which it is a MEMBER shall include continuing participation with regard to all classes of employees of the MEMBER, established as being entitled to benefits at the commencement of each three (3) year cycle. Provided, however, that upon a two-thirds (2/3) affirmative vote of the entire membership of the Board of Directors, any MEMBER may be relieved of continuing participation with regard to a particular class or classes of employees of the MEMBER. In addition, a MEMBER shall only be required to provide continuing participation for those persons within such classes of employees as are actually employed or working for the MEMBER, and who are not permitted by statutory law to elect to receive health benefits through an HMO or similar entity.

Any MEMBER of the COOPERATIVE may withdraw from membership therein by giving written notice of such intention to withdraw to all other MEMBERS and to the Benefit Administrator at least forty (40) days prior to the commencement of one of the COOPERATIVE'S three (3) year cycles. Failure to give such notice shall contractually obligate the MEMBER to continue membership in the COOPERATIVE for the next three (3) year cycle. Withdrawals may only be made to be effective at the end of the then-current three (3) year cycle. Provided, however, that a MEMBER who joins the COOPERATIVE during a three (3) year cycle shall be obligated for the first term of three (3) years from the date of initial membership. If no notice of termination is received at least forty (40) days prior to the end of its three (3) year term, then the MEMBER shall be contractually bound for the rest of the then-current COOPERATIVE'S three (3) year term and may terminate its membership thereafter in the same manner as all other members with full three (3) year commitments.

If, in accordance with the provisions of Article V (h) (4), the Board of Directors shall vote to continue the term of the COOPERATIVE into a new three (3) year cycle, then any MEMBER which does not give written notice of an intention to withdraw from the COOPERATIVE at least forty (40) days before the commencement of the three (3) year term shall remain a MEMBER for at least the three (3) year term. Provided, however, that any MEMBER which joined the COOPERATIVE during the preceding three-year term shall be initially obligated only for a total commitment of three (3) years. The notice of a MEMBER to withdraw from the COOPERATIVE shall not, however, be due less than five (5) days after the date at which the Board of Directors shall establish the total pool estimate and the manner of the pool payment distribution for the next fiscal year.

If a MEMBER should withdraw from the COOPERATIVE, no benefit claims of the MEMBER shall be processed or paid by the COOPERATIVE after the withdrawal takes place. Pending claims and other records relating to the withdrawing MEMBER shall be turned over to that MEMBER in a prompt manner.

The obligation of the COOPERATIVE to administer the claims filed under the benefit program of the expelled MEMBER shall cease thirty (30) days after the date of expulsion provided that

such obligation shall only exist where a MEMBER is not on financial default in the Benefit Pool and Administrative Fund. Pending claims and other records of the expelled MEMBER shall be turned over to that MEMBER in a prompt manner at the end of thirty (30) days.

If the withdrawal of MEMBERS prior to the start of any three (3) year cycle shall reduce the number of covered employees of the remaining members, and any new MEMBERS legally committed to membership for the next three (3) year cycle to less than 400 persons, the COOPERATIVE shall, except for winding up its affairs, cease its operations at the end of the then-concluding fiscal year. In that case, the Board of Directors shall continue to meet on such a schedule as shall be necessary to carry out the winding up of the affairs of the COOPERATIVE. If, during any fiscal year, the number of covered employees and officers should be reduced to below 300 persons, any MEMBER may call a special meeting to discuss the Feasibility of continuing the COOPERATIVE in operation until the close of that fiscal year.

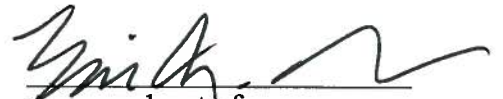
All withdrawing or expelled MEMBERS shall remain fully obligated for their portion of all expenses of and claims against the COOPERATIVE incurred during the period of their membership. The withdrawing or expelled member shall be returned its share of the pool reserves. The reserves will be the pro rata share of the reserves based on the member's percentage of contributions to the COOPERATIVE in the twelve (12) months prior to withdrawal.

Accepted on behalf of
Entity City of Oberlin

By: 

Title: City Manager

Dated: 11/4/10



Approved as to form
Eric Severs, Law Director