

## **AMENDED AND RESTATED DECLARATION AND AGREEMENT OF TRUST**

This Amended and Restated Declaration and Agreement of Trust (the "Restated Trust Agreement"), updating, amending, and comprehensively restating the "Declaration of Trust and Agreement (Health Insurance)" dated January 1, 1966, establishing the Pennsylvania Townships Health Insurance Cooperative Trust (the "Trust"), is duly made and adopted effective as of the 15th day of October, 2014 by the agreement of participating municipalities representing more than fifty (50%) percent of the amount of premiums in force and the Board of Trustees of the Trust.

### **BACKGROUND**

WHEREAS, the Trust (as defined below) was originally established effective January 1, 1966 by certain Townships of the Second Class of the Commonwealth of Pennsylvania as an intergovernmental cooperative arrangement to provide for, and assist participating Townships in providing for, cost effective group health insurance for Township employees and their dependents; and

WHEREAS, the Trust, as amended and restated herein, is intended to continue to provide the Townships of the Commonwealth of Pennsylvania and certain other permitted governmental employers with a vehicle to pool resources and jointly leverage buying power to develop, administer, and make available cost effective medical, prescription, dental, life, disability and/or other employee welfare benefit coverages for their employees; and

WHEREAS, it is the intent of the Trustees and participating municipalities that the Trust perform an essential governmental function within the meaning of Section 115 of the IRC (as defined below); and

WHEREAS, the said Declaration of Trust and Agreement (Health Insurance), pursuant to Article VII thereof, may be amended by the agreement of Participating Employers (as defined below) of the Trust representing more than fifty (50%) percent of the Premiums in force; and

WHEREAS, it is the desire of the Trustees and the requisite majority of Participating Employers to comprehensively update, amend and restate the Declaration of Trust and Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and intending to be legally bound hereby, contingent upon the formal written approval of and joinder in this Restated Trust Agreement by Participating Employers representing at least fifty (50%) percent of the Premiums in force, the Declaration of Trust and Agreement (Health Insurance) originally entered into between East Hempfield Township, Lancaster County, Pennsylvania, and Loyalsock Township, Lycoming County, Pennsylvania, as settlors, and George V. Potts, Frank H. Feagley, and Ralph D. Lindsey, as original Trustees, is amended and restated as follows:

#### **ARTICLE I DEFINITIONS**

1. **Defined Terms.** Unless the context otherwise requires, capitalized terms used in this Restated Trust Agreement but not otherwise defined herein shall have the respective meanings set forth in this Section:

a. The term "**Association**" or "**PSATS**" shall mean the statutorily created nonprofit unincorporated association acting in the interests of Pennsylvania Townships of the Second Class and their respective township supervisors, township secretaries, township treasurers, township managers, or comparable representatives of home rule or optional plans townships, and secretaries of county associations of township supervisors, organized in 1921 and operating thereafter pursuant to authorizing legislation, currently,

as reenacted and amended, at 53 P.S. § 66402, known as the Pennsylvania State Association of Township Supervisors.

b. The term "Benefits" shall mean all benefits provided for Eligible Employees and eligible dependents in accordance with the terms of the Trust and Insurance Policies and Plans provided under the Trust.

c. The term "Carrier" or "Insurer" shall mean an insurance company licensed in the Commonwealth of Pennsylvania.

d. The term "Custodian" shall mean a bank or corporation with whom the Board of Trustees has entered into a written agreement under which the Custodian serves as custodian of Trust assets and carries out orders of the Board of Trustees or its Investment Manager, if any, concerning the handling of investments or sale or purchase of investments.

e. The term "Eligible Employee" or "Plan Participant" shall mean an employee of a Participating Employer designated by the Participating Employer as eligible for coverage under a Plan of this Trust.

f. The term "Investment Manager" shall mean a person or entity who is registered as an investment adviser with the Pennsylvania Securities Commission or registered under the Investment Advisers Act of 1940, as amended, who is a bank as defined in that Act, or who is an insurance company qualified by the laws of Pennsylvania to manage, acquire, or dispose of an asset of an employee benefit plan, who has acknowledged in writing that he/she or it is a fiduciary with respect to the Trust, and with whom the Board of Trustees has entered into a written agreement giving the person authority to manage, acquire, or dispose of any Trust assets.

g. The term "IRC" shall mean the Internal Revenue Code of 1986, as now or hereafter amended, or successor legislation thereto.

h. The term "Participating Employer" shall mean any Township of the Second Class of the Commonwealth of Pennsylvania, or other political subdivision of the Commonwealth of Pennsylvania, or, to the extent approved by the Board of Trustees and in compliance with and permitted under this Restated Trust Agreement and all applicable laws, a municipal authority organized under the laws of the Commonwealth of Pennsylvania or the Association, each of which now or later agrees to the terms of this Restated Trust Agreement and which is or becomes a participant in the Insurance Plan(s) for as long as each participates; provided, however, that as a condition of being a Participating Employer the entity must be specifically for the purpose of Section 115 of the IRC a governmental unit, instrumentality or other entity the income of which is excluded from federal taxation under Section 115.

i. The term "Plan(s)" or "Insurance Plan(s)" shall mean the plan(s) and program(s) of group medical, prescription, dental, vision, life, disability or other employee welfare benefits as duly adopted by the Board of Trustees and contained in the policy or policies of insurance now or hereafter purchased by the Board of Trustees under this Restated Trust Agreement, or any self-insured plans or programs of employee welfare benefits as may be from time to time established by the Board of Trustees in accordance with this Restated Trust Agreement, and such additional terms as adopted by the Board of Trustees, or as such plan(s) or program(s) may be modified from time to time.

j. The term "Policy" shall mean any insurance policy from a Carrier issued in accordance with this Restated Trust Agreement and approved by the Trustees as an insured plan or program of the Trust to be offered to Participating Employers.

k. The term "Premiums" or "Contributions" shall, when used with reference to Participating Employers, mean the sums paid to the Trust by a Participating Employer for covered benefits under this Restated Trust Agreement and policies of insurance made available thereunder and rules duly adopted by the Board of Trustees.

l. The term "Restated Trust Agreement" shall mean this Restated Declaration and Agreement of Trust, as it may be amended from time to time.

m. The term "Third Party Administrator" shall mean a person or entity retained as a service provider by the Board of Trustees to perform certain bookkeeping, accounting, administrative, collection, reporting, and related functions.

n. The term "Trust" shall refer to the Pennsylvania Common Law Trust that was originally created by virtue of the said Declaration of Trust and Agreement (Health Insurance) dated January 1, 1966, which, as of the effective date of this Restated Trust Agreement, shall now be known as the "Pennsylvania Townships Health Insurance Cooperative Trust." The Trust was formerly known as the "Board of Trustees Insurance Fund of the State Association of Township Supervisors" (as referred to in 53 P.S. §66406 2(j)(2)) or, more commonly, the "Trustees Insurance Fund."

o. The term "Trustees" or "Board of Trustees" shall mean the trustee(s) acting from time to time pursuant to this Restated Trust Agreement.

**ARTICLE II  
CREATION OF THE TRUST AND ACCEPTANCE**

1. Formation and Reaffirmation of Trust. The Trust was formed in 1966 as, and is hereby reaffirmed as continuing to be, a Pennsylvania Common Law Trust.

2. Purpose of Trust. The Trust has as its sole purpose supporting and benefiting Participating Employers by providing, coordinating and arranging, indirectly through commercial insurance policies from Carriers, or directly through self-insurance programs, employee health and welfare benefits, including but not necessarily limited to group medical, prescription, dental, life, disability and other employee welfare benefits, as approved from time to time by the Board of Trustees, for Eligible Employees of Participating Employers and dependents of such Eligible Employees; providing, coordinating and arranging for insurance and employee welfare benefit plan related services to Participating Employers; and serving as a repository for funds and investments related to the plans and programs under the Trust.

3. Reaffirmation of Acceptance of Trust. The Trustees undertake and agree to receive and accept payments made to them by Participating Employers and to hold such payments in trust, as a trust fund ("Trust Fund") and to dispose of and administer such Trust Fund in accordance with the terms and provisions of this Restated Trust Agreement.

4. Prohibition Against Private Inurement. No activities shall be carried on by the Trust that would not be permitted to be conducted by an entity whose income is exempt from taxation under Section 115 of the IRC and regulations thereunder, or successor legislation or regulations. No part of the assets or net earnings of the Trust shall inure to the benefit of any Trustee or any private individual (except to the extent that reasonable compensation may be lawfully paid to service providers acting on behalf of the Trust, or in the event that the Trustee or individual is an Eligible Employee, to the extent of benefits payable in accordance with the terms

of the Policy or Plan of the Trust), and no Trustee or private individual shall be entitled to share in the distribution of any assets or property of the Trust upon dissolution. The Trust shall not engage in any activities attempting to influence legislation or engage in any activities relating to any political campaign on behalf of any candidate for public office.

5. Title to Trust Assets. All property and assets of the Trust shall be vested in and titled to the Trust, or to the Trustees as fiduciaries of the Trust.

6. Duration of Trust. This Trust is intended to be perpetual in duration except in the event that the Trust is terminated in accordance with Article VII of this Restated Trust Agreement.

7. Trust Irrevocable. Subject to the provisions of this Restated Trust Agreement in Article VIII (relating to the amendment of this Restated Trust Agreement) and Article IX (relating to the dissolution of the Trust), the Trust is expressly declared irrevocable, and may only be terminated by the merger, dissolution or liquidation of the Trust in accordance with the terms of this Restated Trust Agreement.

### **ARTICLE III PARTICIPATION**

1. Generally. Pennsylvania Townships of the Second Class and other employers meeting the requirements under this Restated Trust Agreement for being a Participating Employer may, subject to approval by the Board of Trustees, participate in the Trust in accordance with the terms of this Restated Trust Agreement.

2. Participation Limited to Section 115 Entities. No entity shall be permitted to be a Participating Employer of the Trust that is not a Township of the Second Class of the Commonwealth of Pennsylvania or, to the extent permitted by the Board of Trustees, another political subdivision of the Commonwealth of Pennsylvania or an entity the income of which is

excluded from taxation under Section 115 of the IRC and regulations thereunder. The Board of Trustees, in its discretion, may require any entity other than a Township seeking to participate in the Trust as a Participating Employer to provide the Trustees with a Private Letter Ruling from the Internal Revenue Service or other proof acceptable to the Board of Trustees that the entity satisfies the requisite IRC Section 115 tax exempt status to participate in this Trust.

3. Non-ERISA. No entity shall be permitted to be a Participating Employer of the Trust if the inclusion of the entity's group would cause any employee benefit Plan or program offered under the Trust to fail to meet the definition of a "governmental plan" under the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, 29 U.S.C. § 1002(32), that is excluded from coverage under Title I of ERISA. The Board of Trustees, in its discretion, may require any entity other than a Township seeking to participate in the Trust as a Participating Employer to provide the Trustees with an ERISA Advisory Opinion from the U.S. Department of Labor or other proof acceptable to the Board of Trustees that the entity is eligible to have employee benefit plans covering its employees treated in a governmental plans for the purposes of ERISA.

4. Each Participating Employer shall become a party to this Restated Trust Agreement and shall become a Participating Employer of the Trust – or if already a Participating Employer as of the effective date of this Restated Trust Agreement shall reaffirm its participation in the Trust under the terms of the Restated Trust Agreement – by adopting and joining into this Restated Trust Agreement in conformance with all applicable federal and state laws, including, but not limited to, the Pennsylvania Intergovernmental Cooperation Law, 53 Pa.C.S.A. § 2301, et seq., and by completing and delivering to the Trustees a Participation Joinder Agreement reading substantially as follows:



The \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_  
County ("Participating Employer"), \_\_\_\_\_ [e.g., a  
Township of the Second Class of the Commonwealth of Pennsylvania or other  
eligible entity], elects to participate in the Pennsylvania Townships Health  
Insurance Cooperative Trust ("Trust") established for the benefit of the employees  
of the Participating Employers, and agrees to all of the terms and conditions of,  
and to be bound as party by, the Restated Trust Agreement of Trust, which is  
incorporated herein by reference, including duly adopted amendments thereto,  
entered into to effectuate plans and programs of the Trust.

It is understood and agreed that the Plan(s) and the Restated Trust Agreement of  
Trust, or both, may be amended at any time, and from time to time, as therein  
provided.

Participating Employer hereby represents and warrants to the Board of Trustees of  
the Trust that Participating Employer is a political subdivision of the  
Commonwealth of Pennsylvania or is an entity the income of which is excluded  
from gross income under Section 115 of the Internal Revenue Code.

\_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_ County.

Attest:

By:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Chairman

5. Adoption of Ordinance. To the extent that the Pennsylvania Intergovernmental  
Cooperation Law, or any successor legislation, is applicable to a governmental employer that  
desires to participate in the Trust, such employer, as a condition for participating in the Trust (or  
continuing participation in the Trust under this Restated Trust Agreement if already participating  
in the Trust prior to the effective date of this Restated Trust Agreement) and being a  
Participating Employer for the purposes of this Restated Trust Agreement, shall, through its  
governing body, duly pass an ordinance substantially in the form attached hereto as Appendix A  
or in such other form as is approved by the Board of Trustees, and shall provide a certified copy  
of such enacted ordinance with the Board of Trustees.

6. Term of Participation. For Participating Employers who begin participation on or after the effective date of this Restated Trust Agreement, the Participating Employer shall not withdraw from the Trust or any Plans during the first one (1) year after the Participating Employer has first enrolled any Eligible Employees. In all other cases, any Participating Employer may terminate participation in and withdraw from the Trust upon prior written notice to the Trust of at least ninety (90) days to be effective on either June 30 or December 31 of any plan year. In order to promote stability and curb adverse selection, unless waived by the Board of Trustees Participating Employers who withdraw from the Trust shall not be eligible to rejoin the Trust for a period of two (2) years.

7. General Contribution and Report Obligations. Participating Employer shall, in accordance with specific rules and procedures duly adopted by the Board of Trustees, pay contributions in advance the frequency and due dates and administrative procedure for which shall be determined by the Board of Trustees. The applicable Contribution shall be calculated at the rates set by the Board of Trustees for the particular package(s) of Benefits for the coverage period to which the Contribution relates based on the number of the Participating Employer's Eligible Employees and dependents covered under each line of Benefits, subject to adjustments for changes in enrollments during the coverage period. Contribution rates shall be set by the Board of Trustees, at least annually, to cover the cost to the Trust charged by Carriers for insurance premiums or other chargers, all other costs for providing coverages and benefits to the Participating Employers, claim administration fees, reinsurance, and all other reasonable and necessary expenses of the Trust, together with such reserve funds as the Board of Trustees shall deem reasonable and prudent. In the event that the Fund at any time makes available to Participating Employers any self-insured Plans or programs, Contributions to employers

participating with respect to such self-insured programs shall also include amounts sufficient to cover all such self-funded claims incurred while a Participating Employer of the Trust, including to the extent determined by the Board of Trustees to be proper, amounts for incurred but not reported claims or other run out costs in the event of a withdrawal from the Trust.

8. Contribution and Report Due Dates. The frequency and due dates and administrative procedures for Contributions to the Trust shall be determined by the Trustees. Collection procedures and policies, including rules concerning late fees, shall be determined by the Trustees.

9. Contribution Reports. The Trustees, subject to and in compliance with all data protection and privacy laws, including to the extent applicable, but not limited to, the Health Insurance Portability and Accountability Act ("HIPAA"), may require Participating Employers to submit to the Trust or its designee together with Contributions eligibility reports in a form approved by the Board of Trustees, and furnish to the Trust, its designee, or directly to Carriers, any and all records pertaining to their respective Eligible Employees and dependents covered or to be enrolled under the insurance Policies or Plans or programs of the Trust, including, among other things, the names, ages, classifications of such Eligible Employees, dates of hire and/or discharge, social security numbers, the amount of wages paid, and any other information pertaining to any of such Eligible Employees that the Trustees may require in connection with the operation of the Trust created hereby or that may be required of the Trustees by the carriers. Participating Employers shall reasonably cooperate with the Board of Trustees in executing any necessary documents or complying with reasonable policies adopted by the Trustees or required by any Carrier necessary to comply with any applicable privacy or confidentiality laws, regulations, polices or standards.

10. No Effect on Obligations of Other Employers. Nonpayment or non-reporting by a Participating Employer shall not relieve any other Participating Employer of its obligation to make Contributions and reports

11. Enforcement of Obligations. The Board of Trustees shall have the power, in its discretion, to take any action, including legal action, necessary to enforce Contribution, reporting, and all other obligations of Participating Employers under this Restated Trust Agreement. In the event that the Board of Trustees must bring legal action against a Participating Employer to enforce the Participating Employer's payment or other obligations under this Restated Trust Agreement, the Trust, if successful in such action, shall be entitled as an element of damages to be reimbursed by the Participating Employer for the Trust's reasonable expenses of suit, including court costs and reasonable attorney's fees.

12. Liquidated Damages. The parties acknowledge and agree that timely payment of Participating Employer Contributions and timely reporting to the Trust is critical to the effective operation of this Trust and to the interests of all other Participating Employers and covered Eligible Employees and that it would not be reasonably possible to determine the actual losses, expense, and damage to the Trust caused by a delinquency beyond the amount of any delinquent contributions and interest by a Participating Employer. Therefore, any Participating Employer whose contribution or report is not received by the designated recipient within ten (10) days of the due date shall be assessed liquidated damages in a sum the greater of (i) one hundred and fifty dollars (\$150) or (ii) five percent (5%) of the overdue contribution, if any, for each calendar month during which it is overdue, up to a maximum of twenty percent (20%) of the delinquency. A full five percent (5%) liquidated damages assessment shall apply for each calendar month during which the contribution is past due, even if the contribution remains unpaid for only a

portion of that month. (For example, if a Participating Employer is 35 days late in making a contribution, liquidated damages of ten percent (10%), or if greater \$150, shall be assessed, because the contribution has been past due with respect to two (2) calendar months.)

13. Due Date for Liquidated Damages. Liquidated damages assessed under this Section shall be due and payable, as a contribution, by no later than ninety (90) days after invoiced by the Trust.

14. Waiver of Liquidated Damages. The Board of Trustees, in its sole discretion, may, upon good cause shown by a Participating Employer, waive or adjust assessments of liquidated damages.

15. Audit of Participating Employer Books. The Board of Trustees may, at reasonable times and during the Participating Employer's normal business hours, have a certified public accountant or other designated agent of the Board of Trustees audit or examine the payroll and other records and books of the Participating Employer relevant to determining compliance with the contribution, eligibility, reporting, and all other obligations of the Participating Employer with respect to the Trust. In the event such audit of the Participating Employer's records reveals a Contribution Delinquency of in excess of ten percent (10%) for the period under audit, or that individuals who are not eligible to participate in Plans under the Trust were misrepresented as being eligible, the Participating Employer shall reimburse the Trust for the reasonable costs of the audit.

#### **ARTICLE IV APPLICATION OF TRUST FUNDS**

1. Procurement of Policies of Insurance. The Trustees may procure, in their names as trustees, or in the name of the Trust, as policyholder, from one or more Carriers one or more insurance policies for group health, dental, life and/or disability or other employee welfare

benefits as determined by the Board of Trustees, to provide Benefits for Eligible Employees (and, if applicable, their dependents) of Participating Employers.

2. Use of Trust Funds. All funds and assets received by the Trustees hereunder as part of the Trust Fund shall be used and applied in the following manner and for the following purposes:

- a. To pay or provide for the payment to Carriers of all premiums on such insurance policies procured by the Trustees as and when the same fall due.
- b. To pay the reasonable expenses involved in the collection of Participating Employers' contributions and the administration of the affairs of this Trust.
- c. To establish and maintain as part of the Trust Fund a reserve fund or funds for the purpose of continuing the policy or policies issued by the Trustees in full force or effect; for the purpose of lessening fluctuations of the amounts of or stabilizing rates for the contributions required for insurance under the policies; and/or for covering reasonable administrative costs and expenses of the Trust.
- d. To make refunds or issue dividends to Participating Employers at such times and in such manner as may be deemed by the Trustees to be proper.

The Trustees shall establish the rate of contribution from each Participating Employer in an amount reasonable and necessary to provide for the obligations provided in subparagraphs a, b, c and d.

3. Any and all dividends paid to or retrospective rating credits applied to the policies of insurance shall be paid to the Trustees and shall be received by them as part of the Trust Fund to be administered and disposed of as they shall see fit.

4. Any funds held by the Trustees hereunder from time to time may, in the discretion of the Trustees, be invested or reinvested by the Trustees as they shall see fit, provided that such investment or reinvestment complies with applicable state and federal laws and regulations. Without limiting the foregoing, such investments or reinvestments shall be consistent with restrictions, if any, applicable to the Trust regarding authorized types of investments for Townships of the Second Class under 53 P.S. § 68204, or successor legislation, or any more restrictive statutory limitations on types of investments, if any, applicable to the Trust based on the composition of the pool of Participating Employers in the Trust. To the fullest extent permitted by law, the Trustees shall not be liable to Participating Employers or any person, including any Eligible Employee or dependent thereof, having any interest in or connection to the Trust for any losses that may result from the making of any such investments or otherwise, except as a result of the Trustees' own gross negligence or intentional wrongdoing.

5. No Employee Right to Funds Other than Benefits. No employee, including Eligible Employee, of a Participating Employer or any person claiming by or through any such employee shall have any right, title or interest in or to the Trust Fund or any part thereof, provided, however, that any Eligible Employee who shall be actually covered by any Policy of insurance held by the Trustees, or covered under any self-insured plan of benefits, shall be entitled to the insurance or self-insured benefits in the amount and to the extent provided in the applicable insurance Policy or plan terms regarding the self-insured benefits.

6. Contributions Held in Pooled Trust. All contributions received from Participating Employers by the Trust shall be held by the Trustees in cash or other property acceptable to the Trustees. All such contributions, together, investment returns, or other income therefrom, shall be held, managed and administered by the Trustees pursuant to the terms of this Restated Trust

Agreement without distinction between principal and income and without liability for the payment of interest thereon or loss on investments.

7. Adoption of Rules by Trustees. The Trustees shall adopt appropriate rules, guidelines and procedures, including any that may now or in the future be required by law, regarding the collection of contributions, verification of contributions, and adequacy of contribution rates. It is, as of the effective date of this Restated Trust Agreement, the intent of the Trustees and Participating Employers that the Plan(s) provided for under the Trust be governmental plans that are not subject to ERISA. In the event that any Plan of the Trust is ever determined to be, or in the future due to a change in law becomes, covered by ERISA, the Trustees shall immediately take all reasonable steps to cause the Trust to resume status as a governmental plan not covered by Title I of ERISA, including but not limited to terminating participation of any Participating Employer, to the extent permitted by law, if such termination would cause any Plan under the Trust to resume its status as a governmental plan. If it is not possible to cause the Plan(s) of the Trust to constitute governmental plans, the Trustees shall adopt such terms, guidelines and procedures as are required by ERISA.

#### **ARTICLE V BOARD OF THE TRUSTEES**

1. Board of Trustees. The Trust shall be governed by a board known as the Board of Trustees. The Board of Trustees shall elect from its members a Chairman, Treasurer, Secretary and such other officers as it deems advisable. Any number of offices may be held by the same person.

2. Number of Trustees. The reconstituted Board of Trustees as of the effective date of the restatement of this Trust Agreement shall number three (3) Trustees and shall be made up of the individuals who are listed in Paragraph (a) of Section 3 of this Article V (collectively



referred to as the "Current Named Trustees"), and each of the listed Current Named Trustees shall hold office until the date of the expiration of his term set forth therein or until he sooner resigns, is removed or becomes disqualified, or unless reelected to a subsequent term. One (1) day after the effective date of the restatement of this Trust Agreement, the size of the Board of Trustees shall be expanded to five (5) Trustees, and the additional Trustees to become members of the Board of Trustees as of that date shall be the individuals who are listed in Paragraph (b) in Section 3 of this Article V (collectively referred to as the "Additional Named Trustees"), and each of the listed Additional Named Trustees shall hold office until the date of the expiration of his term as set forth therein or until he sooner resigns, is removed, or is disqualified, or unless elected to a subsequent term. The Board of Trustees by a two-thirds vote shall thereafter have authority to (a) determine the number of Trustees to constitute the Board of Trustees, but beginning one (1) day after the effective date of the Trust Agreement, such number shall not be less than five (5), and (b) fix the terms of office of the Trustees and classify the Trustees with respect to the time for which they shall severally hold office. There will be no limit on the number of successive terms a Trustee may serve.

3. Named Trustees.

- a) Current Named Trustees. The current Trustees of the reconstituted Board of Trustees as of the effective date of the restatement of this Trust Agreement are, and shall be, Jack Walter, whose term shall expire at midnight on the last day of December 2015; Edward Goodhart, III, whose term shall expire at midnight on the last day of December 2016; and John Haiko, whose term shall expire at midnight on the last day of December 2017.

- b) Additional Named Trustees. Effective one (1) day after the effective date of the restatement of this Trust Agreement, William Groves shall become a Trustee, and his term shall expire at midnight on the last day of December 2015; and Michael Dennehy, Jr. shall become a Trustee, and his term shall expire at midnight on the last day of December 2017.
- c) Successor Trustees. Thereafter, each Trustee shall be elected for a term of three (3) years, except that when there is a vacancy prior to the expiration of a Trustee's term, such vacancy shall be filled for the unexpired term.

4. Election of Successor Trustees. With respect to vacancies on the reconstituted Board of Trustees due to the natural expiration of the term of a sitting Trustee or due to an increase in the size of the Board of Trustees, the successor (or additional) Trustee shall be elected or reelected for a term of three (3) years by the Participating Employers. Nominations for a Trustee shall be solicited by the Board of Trustees from the Executive Board of the Association not less than four (4) weeks before a scheduled expiration of a term of a current Trustee, with a due date for nominations to be received by the Board of Trustees at least two (2) weeks before any election. Participating Townships may also submit nominations at least four (4) weeks before any election. In order to be eligible to be nominated, or to serve, as a successor Trustee, the individual must be an elected or appointed individual of a Township who is serving such Township in the capacity of a Township supervisor or comparable representative of a home rule or optional plans Township, or in the capacity of a Township secretary, treasurer or manager. A list of all nominees and ballot forms shall be circulated to all Participating Employers and a date for the close of submission of ballots as determined by the Board of Trustees shall be provided in writing by the Board of Trustees to each Participating Employer.

Each Participating Employer shall for the purpose of electing Trustees have one (1) vote per vacancy. In the event of a vacancy in the office of Trustee prior to the expiration of the term, whether by reason of death, resignation, removal, disqualification, or otherwise, prior to the natural expiration of a term, the successor Trustee shall be such person as may be selected by a majority of the remaining members of the Board of Trustees. In the event that there are no remaining sitting Trustees, nominations for successor Trustees shall be made, and solicited from Participating Employer, by the Executive Board of the Association, or failing such action by the Association, may be made and solicited by any Participating Employer, and the election of Trustees shall be held in the manner provided above with respect to the election of a Trustee at the natural expiration of a term, except that nominations and ballots shall be sent to the Executive Board of the Association in the absence of any sitting Trustees for the Association to perform the ministerial non-discretionary tasks of collecting and counting ballots and notifying Participating Employers with respect to results. In the event that more than one Trustee vacancy is being filled at the same time, each Participating Employer shall have one (1) vote for each vacancy, which votes may be cast however desired by the Participating Employer, including by casting all votes for one nominee.

5. Acceptance of Position. The said Additional Named Trustees provided for in Section 3(b) of this Article V, and any successor Trustee appointed or elected hereunder, shall execute and deliver to the Trustees a written instrument accepting such appointment and thereupon such successor Trustee shall become vested with all the property, rights, powers and duties of the Trustees hereunder with like effect as if originally named as a Current Named Trustee.

6. Resignation; Disqualification. Any Trustee acting hereunder may resign at any time by giving thirty (30) days' notice in writing to the Secretary of the Board of Trustees, with a courtesy copy to the Executive Director of the Association. In addition, except with respect to the Current Named Trustees and the Additional Named Trustees provided for in Paragraphs (a) and (b) of Section 3 of this Article III during their initial stated terms as set forth therein (but not with respect to any terms thereafter), which named Trustees shall be considered to be grandfathered for such initial terms, any Trustee shall immediately cease to be eligible to continue serving as a Trustee in the event, and effective on the date, that the individual ceases to be a Township supervisor or comparable representative of a home rule or optional plans Township, or a Township secretary, treasurer or manager of a Township, and the Trustee's position shall be deemed to become vacant as of that date.

7. Removal. Any Trustee acting hereunder may be removed from office at any time by an instrument in writing duly signed by a majority of Participating Employers. When removing a Trustee under this provision, Participating Employers may, concurrent therewith, fill the vacancy by a vote of a majority, but if this is not done the vacancy shall be filled as provided in Section 4 of this Article.

8. Transfer at End of Term. Any Trustee who for any reason ceases to act hereunder shall make and execute any and all papers and documents necessary to transfer any investments, insurance policy(ies), funds, books, records, and other property of the Trust to the Trustees continuing to act hereunder. Without limiting the foregoing, each departing Trustee shall promptly turn over to the Board of Trustees any and all Trust assets, records, books, documents, money, and other property in their possession or under their control which belong to the Trust, or which were received by the Trustee in his or her fiduciary or other capacity, and if requested by

the departing Trustee, shall be provided by the Board of Trustees with a receipt for such returned items.

9. Actions and Meetings.

- a) Regular Meetings. Regular meetings of the Board of Trustees shall be held at such times as the Board of Trustees may designate. Notice of regular meetings need not be given.
- b) Special Meetings. Special meetings of the Board of Trustees may be called at any time by the Chairman and shall be called by him on the written request of one third of the Trustees. Notice (which need not be written) of the time and place of each special meeting shall be given to each Trustee at least two (2) days before the meeting.
- c) Quorum. A majority of all the Trustees in office shall constitute a quorum for the transaction of business at any meeting and except as otherwise provided herein the acts of a majority of the Trustees present at any meeting at which a quorum is present shall be the acts of the Board of Trustees.
- d) Participation by Alternative Means. Trustees may participate in a meeting of the Board of Trustees by means of telephone conference, video conference, or similar communications equipment by means of which all persons participating in the meeting can hear each other and engage in debate.

- e) Written Consent in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the Board of Trustees may be taken without a meeting upon the unanimous written consent to action of the Trustees.
- f) Partial Written Consent in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the Board of Trustees may be taken without a meeting upon the consent in writing of Trustees who would have been able to cast the minimum number of votes that would be necessary to authorize the action at a meeting of the Board of Trustees at which all the Trustees were present and voting provided that all Trustees waive in writing ten (10) days' prior written notice of meeting or action. Any action required or permitted to be taken at a meeting of the Board of Trustees may also be taken without a meeting and without the written agreement of all Trustees to waive ten (10) days' prior written notice of meeting or action upon the consent in writing of Trustees who would have been able to cast the minimum number of votes that would be necessary to authorize the action at a meeting of the Board of Trustees at which all the Trustees were present and voting provided that such non-unanimous action of the Board of Trustees shall not become effective until after ten (10) days' notice of the action has been given to each Trustee.

10. No Compensation. The Trustees shall receive no compensation for the performance of their duties, but they shall be reimbursed for all reasonable and necessary expenses which they may incur in the performance of their duties.

11. Indemnification; Insurance. The Trust shall indemnify, to the fullest extent permitted by law, any present or former Trustee or officer or employee, if any, of the Trust (an "Indemnitee") who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that (s)he is or was a Trustee, officer, or employee of the Trust or is or was serving at the request of the Trust as a representative of the Trust, against claims, losses, expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him/her in connection with the action or proceeding. The Trust may, to the extent determined to be appropriate by the Board of Trustees in its discretion, acquire such insurances, including but not limited to fiduciary insurance and errors and omissions insurance, to provide indemnity and cost of defense to the Trustees, officers, and employees, if any, of the Trust, or other Indemnitees determined by the Trustees to be appropriate, to the full extent permitted by law, and to expend the assets of the Trust for the payment of the premiums therefor.

12. Fidelity Bonding. All Trustees or employees of the Trust shall be bonded by a surety company duly licensed and authorized to issue a fidelity bond in the Commonwealth of Pennsylvania in such amount as the Trustees shall determine from time to time, provided, however, that if any applicable law requires a fidelity bond to be in place, the bond procured by the Trustees shall at least satisfy the minimum requirements of any such law.

**ARTICLE VI  
POWERS AND DUTIES OF THE TRUSTEES**

1. **Authority.** Except as otherwise provided in this Restated Trust Agreement, the Trustees shall have exclusive power to carry out the purposes of the Trust, including but not limited to the investment of the Trust's funds and assets. The Trustees shall at all times act as a Board of Trustees. No individual Trustee shall have the power to bind the Trust. Any action duly taken by the Board of Trustees under this Restated Trust Agreement shall bind the Trust. Persons dealing with the Trust are entitled to rely conclusively on the power and authority of the Trustees as set forth in this Restated Trust Agreement.

2. **Fiduciary Duties.**

a. Except to the extent expressly provided otherwise in this Restated Trust Agreement, the Trustees shall owe the same minimum fiduciary duties to the Trust and beneficiaries thereof consistent with the standards under the Probate, Estates and Fiduciaries Code, 20 Pa. C.S. § 101 et seq., to the extent it may be applicable, or consistent with any greater standards as may be required under any other federal or State law that is, or that in the future may be, directly applicable to the Trust and its operations.

b. The Trustees shall not be personally liable to any person for any obligation of the Trust.

3. **Ethical Standards.** The Trustees shall in connection with the Trust conduct themselves consistently with the Pennsylvania State Ethics Act and with any more strict Code of Conduct or ethical standards adopted by the Board of Trustees.

4. **Capacity of Trustees.** Except as expressly provided herein, all actions performed by the Trustees pursuant to this Restated Trust Agreement are performed in the capacity of a Trustee and not in an individual capacity.



5. Limitation on Trustees' Liability. Except as otherwise provided by law, a Trustee shall not be personally liable for monetary damages as such for any action taken, or failure to take any action, unless:

a. The Trustee has breached or failed to perform the fiduciary duties of his or her office as provided in this Restated Trust Agreement or applicable law regulating the fiduciary duties of a Trustee of this Trust; or

b. The breach or failure to perform constitutes self-dealing, willful misconduct or gross negligence.

6. The Trustees may exercise all rights or privileges granted to the policyholder by provision of the policies or allowed by the Carriers and may modify the Insurance Plan(s) in any respect, including the method of determining the cost of insurance under the Insurance Plan(s) to Participating Employers, and may agree with the Carriers upon changes in the policies held by the Trustees. The Carriers shall not be required to inquire into the authority of the Trustees with regard to any dealings in connection with such policies.

7. Interpretation of Trust Terms. The Trustees shall have discretionary power to construe the provisions of this Restated Trust Agreement and the terms used herein and any construction consistent with the provision of this Restated Trust Agreement (as it may be amended from time to time) adopted by the Trustees in good faith shall be binding upon all Participating Employers and Plan Participants.

8. Power to Delegate to Investment Managers. The Trustees shall have the power and authority to appoint one or more Investment Managers, who shall be responsible for the management, acquisition, disposition, investing and reinvesting of such of the assets of the Trust as the Trustees shall specify. Except to the extent otherwise provided by law, the Trustees shall

not be liable for the acts or omissions of such Investment Manager, nor have any investment obligation with respect to any asset managed by such professional registered Investment Manager. Any appointment of an Investment Manager may be terminated by the Trustees upon written notice, or as specified in written agreements with such manager.

9. Investment Policies. The Trustees shall from time to time adopt appropriate investment policies and/or guidelines.

10. Retaining of Advisors/Third Party Administrators. The Trustees may employ such agents, a secretary, legal counsel, auditors, actuaries, service providers, and clerical and administrative personnel as may be proper or necessary for the sound and efficient administration of the Trust. The Trustees may also in their discretion enter into a working arrangement with one or more Third Party Administrators or other third parties providing for the performance of administrative and clerical duties in connection with the Insurance Plan(s), including, but not limited to, (a) informing Participating Employers of any changes in the rate of their contributions as established by the Trustees; (b) receiving and auditing checks and statements of Participating Employers; and (c) notifying Participating Employers as to non-payment of contributions.

11. Actions In Good Faith. Except to the extent required by law, no Trustee acting hereunder shall be liable for any action taken or omitted by him in good faith, nor for the acts of the Carriers, or of any agent, employee or attorney selected by the Trustees with reasonable care, nor for any act or omission of any other Trustee. In this regard, the Trustees shall, to the fullest extent permitted by law, be fully protected in relying in good faith upon the advice, information, opinions, reports or statements presented by any professional advisors and service providers as to matters the Trustees reasonably and in good faith believe are within such party's expertise and

competence, including but not limited to opinions, analyses, reports or information as to financial affairs and soundness of the Trust, actuarial and underwriting matters, asset values, investments, setting of Participating Employer Contribution rates, selection of Carriers and policies, plan design, Benefits, the value and amount of the assets, liabilities, profits or losses of the Trust, or the value and amount of assets or reserves or contracts, agreements or other undertakings.

12. Annual Audit/Records. The Trustees shall maintain true and accurate books of account and records of all the Trust's transactions which shall be audited at least annually by a certified public accountant. Such audits and records shall be open to authorized representatives of Participating Employers. The Trustees shall provide to Participating Employers, at least annually, a summary report of the Trust's finances.

13. Bank Accounts. The Trustees, or a designated bonded representative, who need not himself or herself be a Trustee, to whom such responsibility is delegated in writing at the discretion of the Board of Trustees, shall establish a bank account or accounts in such bank or banks as the Trustees from time to time may determine. Checks upon such account(s) shall be drawn upon the signature of two of the following: the Chairman of the Trustees, the Treasurer of the Trust, the Secretary of the Trust, or another designee appointed by the Trustees.

14. Reliance by Third Parties on Actions of Board of Trustees. To the fullest extent possible by law, no party dealing with the Trustees shall be obliged to see to the application of any funds or property of the Trust or to see that the terms of the Trust have been complied with or be obliged to inquire into the necessity or expediency of any acts of the Trustees and every instrument executed by a majority of the Trustees shall be conclusive in favor of any person relying thereon that:

- a. Said instrument was executed in accordance with the terms and conditions of this Restated Trust Agreement; and
- b. The Trustees were duly authorized and empowered to execute such instrument; and
- c. At the time of delivery of said instrument, the Trust created by this Restated Trust Agreement was in full force and effect.

15. No Trustee Liability for Participating Employer Delinquencies. The Trustees shall not have any personal liability with respect to the non-payment of contributions or premiums for insurance by Participating Employers, nor shall the Trustees have any obligation to enforce payment of contributions or premiums due by Participating Employers to any insurers, except as herein provided.

16. Estates of Deceased Trustees. To the fullest extent permitted by law, there shall be deemed to be no liability imposed on any legal representative or estate of any deceased Trustee to account for or to complete or otherwise participate in any action or proceeding of said Trustees, whether pending or completed, so far as concerns the deceased Trustee.

## **ARTICLE VII TERMINATION OF PARTICIPATION IN TRUST**

1. Termination of Participation. The participation of each Participating Employer shall automatically terminate on the earliest of the following dates:
  - a. On the date specified in a notice by Participating Employer to the Trustees that it is discontinuing participation, which date must be the end of a premium coverage period; or

- b. On the date Participating Employer fails to make any required payment to the Trust; provided, however, that this shall not prevent the Trust from enforcing any such obligation to make payment or to require payment for any insurance or benefits afforded under the grace provisions of the policies or to pursue an action for damages; or
- c. On the date of termination of this Trust, or on the effective date of an amendment of the Trust that would render the Participating Employer ineligible to continue participation.

Except to the extent provided otherwise by law, the withdrawing Participating Employer and not the Trust shall be responsible to take such actions as are necessary to prevent a termination or lapse of coverage for the Eligible Employees.

2. No Right to Trust Funds Upon Withdrawal. All Participating Employers whose participation shall terminate as herein provided other than in connection with a termination of the Trust, and all Eligible Employees of such Participating Employers, shall thereupon forfeit all rights to and interest in this Trust and its funds and assets, and shall have no claim against the Trustees or the Trust for any part of the Trust's funds or assets of the Trust, and all such funds and assets shall be held by the Trustees for and on behalf of the pool of Participating Employers remaining in the Trust. To the extent that participation by the Participating Employer ceases as a result of a termination of the Trust, any surplus after the satisfaction of all liabilities and obligations of the Trust shall be distributed to Participating Employers who were participating in the Trust as of the date of Termination, provided the Participating Employer is a governmental entity at the time of such distribution, in accordance with Article IX of this Restated Trust Agreement.

**ARTICLE VIII  
AMENDMENTS**

1. Amendment. This Restated Trust Agreement may be amended to any extent at any time or from time to time by an instrument or instruments in writing signed by at least two-thirds of the Trustees and delivered to Participating Employers. However, in no event shall any such amendment divert any part of the Trust Fund then in the hands of the Trustees from the purposes of this Trust; permit the return or payment over of any part of the Trust Fund to any Participating Employer except as provided herein; or permit an inurement to any private party.

2. Carrier Reliance. In any action pursuant to this Article, Carriers may rely upon the signatures of two-thirds of the Trustees and such shall be conclusive that an amendment has been duly authorized in accordance with this Article.

**ARTICLE IX  
TERMINATION**

1. Termination of Trust. More than fifty percent (50%) of all Participating Employers may, by duly executed instruments, terminate the Trust and the insurance procured hereunder. In any such event, the Trustees shall use the funds available in the Trust Fund to pay any and all obligations of the Trust. In addition, if the assets of the Trust are, in the opinion of the Board of Trustees, inadequate to carry out the intent or purpose of the Trust or are inadequate to meet the payments due or which may become due from the Trust, the Board of Trustees by an instrument or instruments in writing signed by at least two-thirds of the Trustees may terminate the Trust and the insurance procured thereunder. Should the Trust Fund be insufficient to pay such obligations, Participating Employers shall contribute an amount sufficient to cover any such deficiency, which shall be determined on the basis of the pro rata amount of insurance in force on the lives of Eligible Employees (including dependents) of the respective Participating Employers sharing in the distribution measured with respect to the twelve (12) months

immediately prior to such termination. Should there be a surplus in the Trust Fund after the payment of all obligations, such surplus shall be distributed by the Trustees to such Participating Employers at the time of termination who are at both the time of termination and as of the date of distribution of the surplus political subdivisions of the Commonwealth of Pennsylvania or entities whose income is excluded from gross income under Section 115 of the IRC in proportion to the amount of premiums/contributions paid by each such entity in the twelve (12) months immediately prior to such termination. Upon termination of this Trust, the Trustees shall nevertheless continue as such for the purpose of dissolution and may take any action with regard to policies of insurance standing in their names which may be required by the insurance companies.

#### **ARTICLE X GENERAL PROVISIONS**

1. Individual Enrollment. An Eligible Employee and/or dependent may be required by the Board of Trustees to complete, execute and submit to the Trust and/or to the Carrier(s) all enrollment or application forms as may be required and accepted for coverage under a Plan of the Participating Employer provided through the Trust.

2. Accurate Reporting Required. Participating Employers shall, in accordance with rules and procedures adopted by the Board of Trustees, be responsible to timely certify to the Trust each employee who is for the period of coverage to which the eligibility report relates an Eligible Employee and identify any covered dependent of such Eligible Employee. If the Participating Employer provides multiple lines of coverage through the Trust, but permits employees to elect different coverage options under the Participating Employer's cafeteria plan or other election procedure run by the Contributing Employer, the Participating Employer in its eligibility report shall certify which lines or coverage apply to given covered individuals from

the Participating Employer's group. Participating Employers are obligated to provide accurate and timely information on new enrollees, or terminating enrollees, or changes in coverage elections, to the Trust or any Carrier or Third Party Administrator designated by the Trust.

3. No Rights in Fund. No Participating Employer nor any other person shall have any rights under this Restated Trust Agreement or in the Trust Fund except as provided in this Restated Trust Agreement. Without limiting the foregoing, no Participating Employer shall be entitled to any aliquot share or portion of any reserve or assets of the Trust upon withdraw prior to any dissolution of the Trust. No Trust assets shall not be subject to any direct action or seizure by any creditor or claimant of a Participating Employer, Eligible Employee, dependent or any other person.

4. Reports to Association. The Trustees agree to furnish to the Executive Board of the Association from time to time informational reports respecting the status of the Trust Fund, application of the funds received from Participating Employers, the status of the insurance policies, and the benefits paid thereunder, but the Trustees shall not be required to furnish such reports more often than annually.

5. Pennsylvania Law to Apply. This Trust is accepted and reaffirmed by the Trustees in the Commonwealth of Pennsylvania and all questions pertaining to its validity, construction and administration shall be determined in accordance with the laws of the Commonwealth of Pennsylvania.

6. Execution by Participating Employers by Restatement Approval Counterpart; Effectiveness Contingent Upon Majority Approval. This Restated Trust Agreement may be executed in any number of counterparts, including by Restatement Approval Counterpart executed by Participating Employers, each of which shall be an original but all of which together



shall constitute one instrument. The effectiveness of this Restated Trust Agreement is contingent upon receipt by the Trustees of executed Restatement Approval Counterparts by March 31, 2015, from Participating Employers representing at least 50% of the Premiums in force (the respective percentages of which are set forth in the schedule at Appendix B, which is incorporated herein by reference). If this Restated Trust Agreement is duly approved by the required majority, the Trustees shall promptly notify all Participating Employers and shall request that Participating Employers at that point adopt the Ordinance required hereunder confirming the Participating Employers' participation in the Trust under the Restated Trust Agreement.

IN WITNESS THEREOF, this Restated Trust Agreement has been duly executed by the Board of Trustees and, by way of Joinder Agreements, by Participating Employers representing as of the effective date of this Restated Trust Agreement more than fifty (50%) percent of the premiums in force.

Board of Trustees of the Pennsylvania Townships  
Health Insurance Cooperative Trust

  
\_\_\_\_\_  
Jack Walter, Trustee

\_\_\_\_\_  
Edward Goodhart, III, Trustee

\_\_\_\_\_  
John Haiko, Trustee

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Board of Trustees of the Pennsylvania Townships  
Health Insurance Cooperative Trust

Jack Walter, Trustee

  
Edward Goodhart, III, Trustee

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IN WITNESS THEREOF, this Restated Trust Agreement has been duly executed by the Board of Trustees and, by way of Joinder Agreements, by Participating Employers representing as of the effective date of this Restated Trust Agreement more than fifty (50%) percent of the premiums in force.

Board of Trustees of the Pennsylvania Townships  
Health Insurance Cooperative Trust

\_\_\_\_\_  
Jack Walter, Trustee

\_\_\_\_\_  
Edward Goodhart, III, Trustee

  
\_\_\_\_\_  
John Haiko, Trustee

## **AMENDED AND RESTATED DECLARATION AND AGREEMENT OF TRUST**

This Amended and Restated Declaration and Agreement of Trust (the “Restated Trust Agreement”), updating and amending the “Declaration of Trust and Agreement (Health Insurance)” dated January 1, 1966, establishing the Pennsylvania Townships Health Insurance Cooperative Trust (the “Trust”), and as subsequently amended, is duly made and adopted effective as of the 10th day of November, 2015 by the Board of Trustees of the Trust.

### **BACKGROUND**

WHEREAS, the Trust (as defined below) was originally established effective January 1, 1966 by certain Townships of the Second Class of the Commonwealth of Pennsylvania as an intergovernmental cooperative arrangement to provide for, and assist participating Townships in providing for, cost effective group health insurance for Township employees and their dependents; and

WHEREAS, the Trust, as amended and restated herein, is intended to continue to provide the Townships of the Commonwealth of Pennsylvania and certain other permitted governmental employers with a vehicle to pool resources and jointly leverage buying power to develop, administer, and make available cost effective medical, prescription, dental, life, disability and/or other employee welfare benefit coverages for their employees; and

WHEREAS, it is the intent of the Trustees and participating municipalities that the Trust perform an essential governmental function within the meaning of Section 115 of the IRC (as defined below); and

WHEREAS, it is the desire of the Trustees to update and amend and restate the Declaration of Trust and Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and intending to be legally bound hereby, the Restated Trust Agreement is amended and restated only as follows:

1. Article I(h) in the Restated Trust Agreement is hereby replaced in its entirety with the following:

h. The term "Participating Employer" shall mean any Township of the Second Class of the Commonwealth of Pennsylvania, or other political subdivision of the Commonwealth of Pennsylvania, or, to the extent approved by the Board of Trustees and in compliance with and permitted under this Restated Trust Agreement and all applicable laws, a municipal authority organized under the laws of the Commonwealth of Pennsylvania or the Association, each of which now or later agrees to the terms of this Restated Trust Agreement and which is or becomes a participant in the Insurance Plan(s) for as long as each participates; provided, however, that as a condition of being a Participating Employer the entity must be specifically for the purpose of Section 115 of the IRC a governmental unit, instrumentality or other entity the income of which is excluded from federal taxation under Section 115, and, for employers enrolled after the effective date of this amendment, a regular or associate member in good standing of PSATS.

2. Article VII(1) of the Restated Trust Agreement is hereby replaced in its entirety with the following:

1. Termination of Participation. The participation of each Participating Employer shall automatically terminate on the earliest of the following dates:

a. On the date specified in a notice by Participating Employer to the Trustees that it is discontinuing participation, which date must be the end of a premium coverage period; or

- b. On the date Participating Employer fails to make any required payment to the Trust; provided, however, that this shall not prevent the Trust from enforcing any such obligation to make payment or to require payment for any insurance or benefits afforded under the grace provisions of the policies or to pursue an action for damages; or
- c. On the date Participating Employer ceases to be a regular or associate member in good standing of PSATS.
- d. On the date of termination of this Trust, or on the effective date of an amendment of the Trust that would render the Participating Employer ineligible to continue participation.

3. All other terms and conditions set forth in the Restated Trust Agreement not expressly amended or modified herein shall continue in full force and effect.

IN WITNESS THEREOF, these amendments to the Restated Trust Agreement have been approved by the Board of Trustees.

Board of Trustees of the Pennsylvania Townships  
Health Insurance Cooperative Trust

Jack Walter  
Jack Walter, Chairman

Dated: 12-10-15

12/23/15  
Edward C. Goodhart, III, Vice Chairman

Dated: Ed C. Goodhart III

John Haino  
John Haino, Secretary

Dated: 12/14/2015

William Groves  
William Groves, Assistant Secretary

Dated: 12-23-15

Michael Dennehy, Jr.  
Michael Dennehy, Jr., Treasurer

Dated: 12/28/15

## **AMENDED AND RESTATED DECLARATION AND AGREEMENT OF TRUST**

This Amended and Restated Declaration and Agreement of Trust (the “Restated Trust Agreement”), updating and amending the “Declaration of Trust and Agreement (Health Insurance)” dated January 1, 1966, establishing the Pennsylvania Townships Health Insurance Cooperative Trust (the “Trust”), and as subsequently amended, is duly made and adopted effective as of the 10th day of November, 2016 by the Board of Trustees of the Trust.

### **BACKGROUND**

WHEREAS, the Trust (as defined below) was originally established effective January 1, 1966 by certain Townships of the Second Class of the Commonwealth of Pennsylvania as an intergovernmental cooperative arrangement to provide for, and assist participating Townships in providing for, cost effective group health insurance for Township employees and their dependents; and

WHEREAS, the Trust, as amended and restated herein, is intended to continue to provide the Townships of the Commonwealth of Pennsylvania and certain other permitted governmental employers with a vehicle to pool resources and jointly leverage buying power to develop, administer, and make available cost effective medical, prescription, dental, life, disability and/or other employee welfare benefit coverages for their employees; and

WHEREAS, it is the intent of the Trustees and participating municipalities that the Trust perform an essential governmental function within the meaning of Section 115 of the IRC (as defined below); and

WHEREAS, it is the desire of the Trustees to update and amend and restate the Declaration of Trust and Agreement as set forth herein.



NOW, THEREFORE, in consideration of the foregoing premises and intending to be legally bound hereby, the Restated Trust Agreement is amended and restated only as follows:

1. Article V(6) in the Restated Trust Agreement is hereby replaced in its entirety with the following:

6. Resignation; Disqualification. Any Trustee acting hereunder may resign at any time by giving thirty (30) days' notice in writing to the Secretary of the Board of Trustees, with a courtesy copy to the Executive Director of the Association. In addition, except with respect to the Current Named Trustees and the Additional Named Trustees provided for in Paragraphs (a) and (b) of Section 3 of this Article III during their initial stated terms as set forth therein (but not with respect to any terms thereafter), which named Trustees shall be considered to be grandfathered for such initial terms, any Trustee shall immediately cease to be eligible to continue serving as a Trustee in the event, and effective on the date, that the individual ceases to be a Township supervisor or comparable representative of a home rule or optional plans Township, or a Township secretary, treasurer or manager of a Township, and the Trustee's position shall be deemed to become vacant as of that date. Furthermore, voting members of the Association's Executive Board shall be ineligible to serve as a Trustee.

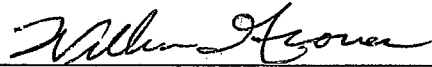
2. All other terms and conditions set forth in the Restated Trust Agreement not expressly amended or modified herein shall continue in full force and effect.

IN WITNESS THEREOF, these amendments to the Restated Trust Agreement have been approved by the Board of Trustees.

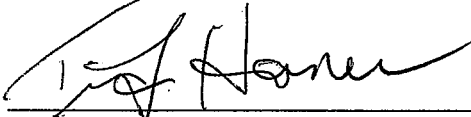
Board of Trustees of the Pennsylvania Townships  
Health Insurance Cooperative Trust



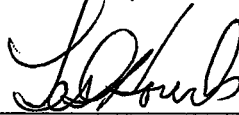
Edward C. Goodhart, III, Chairman



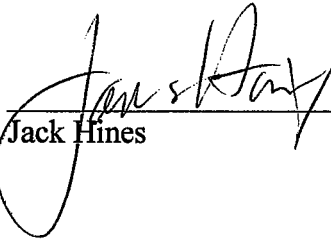
William Groves, Vice Chairman



Tim Horner, Secretary



Lester Houck, Treasurer



Jack Hines

## **AMENDED AND RESTATED DECLARATION AND AGREEMENT OF TRUST**

This Amended and Restated Declaration and Agreement of Trust (the “Restated Trust Agreement”), updating and amending the “Declaration of Trust and Agreement (Health Insurance)” dated January 1, 1966, establishing the Pennsylvania Townships Health Insurance Cooperative Trust (the “Trust”), and as subsequently amended, is duly made and adopted effective as of the 19th day of December, 2019 by the Board of Trustees of the Trust.

### **BACKGROUND**

WHEREAS, the Trust (as defined below) was originally established effective January 1, 1966 by certain Townships of the Second Class of the Commonwealth of Pennsylvania as an intergovernmental cooperative arrangement to provide for, and assist participating Townships in providing for, cost effective group health insurance for Township employees and their dependents; and

WHEREAS, the Trust, as amended and restated herein, is intended to continue to provide the Townships of the Commonwealth of Pennsylvania and certain other permitted governmental employers with a vehicle to pool resources and jointly leverage buying power to develop, administer, and make available cost effective medical, prescription, dental, life, disability and/or other employee welfare benefit coverages for their employees; and

WHEREAS, it is the intent of the Trustees and participating municipalities that the Trust perform an essential governmental function within the meaning of Section 115 of the IRC (as defined below); and

WHEREAS, it is the desire of the Trustees to update and amend and restate the Declaration of Trust and Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and intending to be legally bound hereby, the Restated Trust Agreement is amended and restated only as follows:

1. Article III(5) in the Restated Trust Agreement is hereby replaced in its entirety with the following:

5. Adoption of Resolution. To the extent that the Pennsylvania Intergovernmental Cooperation Law, or any successor legislation, is applicable to any Municipality that desires to participate in the Trust, such Municipality, as a condition for participating in the Trust) and being a Participating Municipality for the purposes of this Restated Trust Agreement, shall, through its governing body, duly adopt a resolution substantially in the form attached hereto as Exhibit A or in such other form as is approved by the Board of Trustees, and shall provide a copy of such adopted resolution to the Board of Trustees.

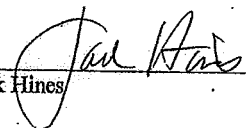
2. All other terms and conditions set forth in the Restated Trust Agreement not expressly amended or modified herein shall continue in full force and effect.

IN WITNESS THEREOF, these amendments to the Restated Trust Agreement have been approved by the Board of Trustees.

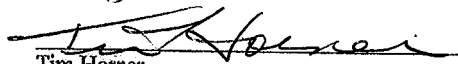
Board of Trustees of the Pennsylvania Townships  
Health Insurance Cooperative Trust



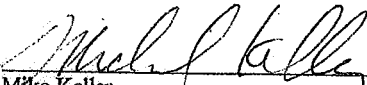
Lester O. Houck, Chair



Jack Hines



Tim Horner



Mike Keller

Vacant

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