

TOWNSHIP OF MOUNT JOY

Lancaster County, Pennsylvania

ORDINANCE NO. CCXII

AN ORDINANCE AUTHORIZING MOUNT JOY TOWNSHIP, LANCASTER COUNTY, PENNSYLVANIA, TO JOIN WITH OTHER POLITICAL SUBDIVISIONS TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR THE PURPOSE OF JOINING THE INTERGOVERNMENTAL INSURANCE COOPERATIVE AND TO PARTICIPATE AS A MEMBER OF THE COOPERATIVE.

WHEREAS, a number of political subdivisions within Lancaster and York Counties, have joined together in a cooperative venture and established the Intergovernmental Insurance Cooperative (the "IIC") for the purpose of collectively purchasing employee benefits insurance; and

WHEREAS, The IIC was established pursuant to an Intergovernmental Cooperation Agreement for the IIC (the Agreement); and

WHEREAS, Pursuant to the provisions of Chapter 23, Subchapter A, Intergovernmental Cooperation, of the General Local Government Code, 53 Pa. C.S. §2301, et seq. (Intergovernmental Cooperation Act), a municipality may enter into an intergovernmental cooperation agreement upon the passage of an Ordinance by its governing body.

NOW, THEREFORE, BE AND IT IS HEREBY ORDAINED AND ENACTED by the Board of Supervisors of the Township of Mount Joy, Lancaster County, Pennsylvania, as follows:

Section 1. The caption and Preamble of this Ordinance set forth above are incorporated herein by reference.

Section 2. This Township hereby approves entering into the Agreement, a copy of which is incorporated herein by reference (and which shall be filed with the minutes of the meeting at which this Ordinance was enacted), with the intent and effect that this Township shall be bound by the Agreement.

Section 3. The Chairperson or Vice-Chairperson of the Board of Supervisors, acting alone

or together with the Secretary or Assistant Secretary, are hereby authorized and directed on behalf of the Township, (i) to execute and deliver the Agreement, and (ii) to execute and deliver such additional instruments, and to take such further actions, as may be necessary or appropriate to carry forth the Agreement and the transactions to be effected under the Agreement, including payment to the IIC of such amounts as are due by the Township pursuant to the Agreement.

Section 4. All actions of any officer, agent or other representative of this Township heretofore taken in the pursuit of the establishment of the IIC and/or the Township's participation therein are hereby ratified and approved in all respects.

Section 5. The Board of Supervisors of the Township is hereby authorized to take such other action as may be necessary or appropriate to carry out the purposes of this Ordinance and of the Agreement.

Section 6. As required by the Pennsylvania Intergovernmental Cooperation Act, the following matters are specifically found and determined:

- A. The conditions of the Agreement are set forth in the Agreement;
- B. Township shall participate in the IIC for an initial term of three (3) years. All renewal terms shall be as further set forth therein;
- C. The purpose and objectives of the Agreement are as set forth in the Preamble of this Ordinance and in the Agreement;
- D. The manner and extent of financing the Agreement are that (i) no borrowing will be required by the Township, (ii) funds to implement the Township's obligations under the Agreement shall come from normal and usual budgeted amounts for such matters, and (iii) other provisions governing the manner and extent of the financing of the IIC shall be as set forth in the Agreement;
- E. The IIC shall be managed by its Board of Directors pursuant to the terms of the Agreement;
- F. All property, real or personal, of the IIC, shall be acquired, managed, licensed or disposed of by the IIC in accordance with the terms of the Agreement; and
- G. The IIC created by the Agreement shall be empowered to enter into contracts for policies of group insurance and employee benefits pursuant to the terms of the Agreement.

Section 7. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, illegal or unconstitutional by a court of competent jurisdiction, such invalidity, illegality or unconstitutionality shall not affect or impair the remaining provisions, sections,

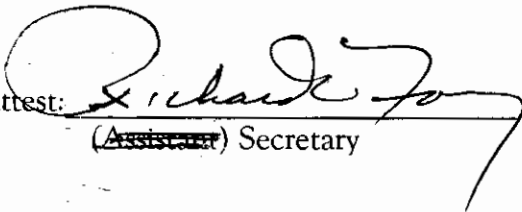
sentences, clauses or parts of this Ordinance, it being the intent of the Board of Supervisors that the remainder of the Ordinance shall be and shall remain in full force and effect.


Section 8. Nothing in this Ordinance shall be construed to affect any suit or proceeding pending in any court, or any rights acquired or liability incurred, or any cause or causes of action existing prior to the enactment of this Ordinance.

Section 9. This Ordinance shall take effect and be in force five (5) days after its enactment by the Board of Supervisors of the Township of Mount Joy as provided by law.

DULY ORDAINED AND ENACTED this 17TH day of OCTOBER, 2005, by the Board of Supervisors of the Township of Mount Joy, Lancaster County, Pennsylvania, in lawful session duly assembled.

TOWNSHIP OF MOUNT JOY
Lancaster County, Pennsylvania

Attest: 
(~~Assistant~~) Secretary

By: 
(~~Chairman~~) Chairman
Board of Supervisors

[TOWNSHIP SEAL]

**INTERGOVERNMENTAL COOPERATION AGREEMENT
FOR THE
INTERGOVERNMENTAL INSURANCE COOPERATIVE**

This Cooperation Agreement is made and entered into by East Hempfield Township, East Lampeter Township, Manor Township, and the Borough of Ephrata all of which are governmental entities located within Lancaster County, Pennsylvania, and which are duly organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter collectively referred to as the *Charter Municipalities*).

WITNESSETH:

WHEREAS, the Act of July 12, 1972 (P.L. 762, No.180) known as the Intergovernmental Cooperation Law provides that two or more municipalities in the Commonwealth may jointly cooperate in the performance of their respective governmental functions, powers or responsibilities; and

WHEREAS, various Acts of the Commonwealth which govern the formation and operation of governmental entities empowers them to make contracts of insurance with any insurance company, association or exchange authorized to transact business in the Commonwealth, insuring their employees, or any class, or classes thereof, or their dependents under a policy or policies of insurance covering life, health, hospitalization, medical and surgical service and/or accident annuities or pension, for pensioning of their employees, or any class, or classes thereof; and

WHEREAS, the governing bodies of the Charter Municipalities have determined that certain economies of scale will inure to the benefit of the Charter Municipalities by contracting with a single insurance carrier for health care benefits; and

WHEREAS, the undersigned desires, along with the other Charter Municipalities and other local governmental entities, to join a local government insurance cooperative now known as the *Intergovernmental Insurance Cooperative*; and

WHEREAS, the undersigned executes this document for purposes of joining by virtue of an Intergovernmental Contract, the local government insurance cooperative known as the Intergovernmental Insurance Cooperative.

NOW, therefore the undersigned executes this document in consideration for other Governmental Authorities executing this Agreement for the purpose of joining a local government insurance cooperative known as the Intergovernmental Insurance Cooperative. The undersigned agrees to abide by the terms and conditions of this contract and all actions taken pursuant to this contract. In consideration of the mutual covenants of all signatories to this Intergovernmental Contract and intending to be legally bound, it is agreed as follows:

ARTICLE I - NAME - ENTITY

The name of the entity created herewith shall be the Intergovernmental Insurance Cooperative.

The signatories hereto together with future signatories establish a local government insurance cooperative as a separate legal and administrative entity for the purpose of effectuating this Agreement, which Cooperative shall have a perpetual duration and shall continue until terminated pursuant to the terms and conditions of this Agreement.

ARTICLE II - PURPOSE

The purpose of this Agreement is to enter into an Intergovernmental Contract to form a local government insurance cooperative to select and contract with a common insurance carrier for employee benefits which may include but are not necessarily limited to insurance covering life, health, hospitalization, accident, medical and surgical services.

This agreement shall constitute a contract among those governmental authorities which shall now or at any time enter into this Agreement and become Members of the Cooperative.

ARTICLE III - DEFINITIONS

1. **Act** shall mean such Acts of the Commonwealth of Pennsylvania, pursuant to which this Cooperative is organized, as the same may be amended from time to time.
2. **Agreement** shall mean the Intergovernmental Contract for the Intergovernmental Insurance Cooperative.
3. **Board** shall mean the Board of Directors of the Intergovernmental Insurance Cooperative.
4. **Budgetary Fund** shall mean those amounts paid by Members pursuant to Article VIII.
5. **Charter Municipalities** shall mean East Hempfield Township, East Lampeter Township, Manor Township, and the Borough of Ephrata, Lancaster County, Pennsylvania.
6. **Governmental Authorities** shall mean a municipality as defined in the Act.
7. **Member** shall mean a Governmental Authority participating in the Intergovernmental Insurance Cooperative executing this Agreement.
8. **Member's Contribution** shall mean those amounts paid by Members to the Budgetary Fund.
9. **Municipal or Municipality** shall mean any Governmental Authority.

10. ***Claims Aggregate Fund*** shall mean those amounts paid by Members pursuant to Article IX.
11. ***Member's Monthly Claims Aggregate Contributions*** shall mean those monthly amounts paid by Members to the Claims Aggregate Fund.

ARTICLE IV - MEMBERSHIP

The membership of the cooperative shall consist of the Charter Members who have entered into this Agreement. The Charter Members agree to the admission of future Members and acknowledge that they shall have no right to object to the addition of such Members provided they are admitted in accordance with the terms hereof. This agreement shall be automatically renewed unless the provisions for withdrawal or termination are applied.

1. Members may be added to the Cooperative by a majority vote of the Board which shall give each participating Member or Members written notice of its intention to admit an additional Member at least sixty (60) days in advance of the date on which the vote shall be taken.
2. The Board's decision to admit an additional Member or Members shall be final unless prior to its decision at least two-thirds (2/3) of the participating Members shall notify the Board in writing of their decision to deny the admission of a Governmental Authority.
3. The initial term of membership in the Cooperative shall be three (3) years, thereafter, membership will automatically continue until terminated by a member by giving the notice set forth in Section 4, or canceled by the Board as set forth in Section 5.
4. A member may terminate membership in the Cooperative by giving written notice to the Board at least six (6) months prior to the termination date.
5. The Board may, by a two-thirds (2/3) majority vote of the Board and by providing a Member sixty (60) days prior written notice, cancel that Member's participation in the Cooperative effective at the end of the then current insurance contract period.
6. For so long as this Agreement shall remain in effect, each of the Members shall contract for employee insurance benefits solely through the Intergovernmental Insurance Cooperative.
7. Upon the selection of an insurance carrier, each Member shall contract independently with that carrier for its employee benefits and shall pay the premium occasioned by the insurance coverage directly to the insurance carrier.

ARTICLE V - BOARD OF DIRECTORS

- 1. Administration of the Cooperative.** The administration of the Cooperative shall be governed by a Board of four (4) Directors to be expanded to five (5) Directors when the number of Members shall reach eight (8) and to be expanded to seven (7) Directors when the number of Members shall reach fifteen (15) or more.
- 2. Directors Qualifications.**
 - a. The Board of Directors shall at all times include one representative appointed by each Charter Municipality.
 - b. When expansion of the Board from four (4) to five (5) and seven (7) Directors is required an election will be held within ninety (90) days. Each non-Charter Member may nominate candidates for the terms to be filled in accordance with rules to be promulgated by the Board. Each non-Charter Member shall have one (1) vote which shall be cast either in person or by proxy or by mail. In the event of a tie the Charter Members will vote on the nominees.
- 3. Eligibility and Vacancies.** Should the number of Directors become less than the number herein established according to Cooperative Membership, a vacancy or vacancies shall be filled in the following manner:
 - a. Should a Charter Member vacancy arise, the Charter Municipality shall appoint a Director to fill such vacancy.
 - b. Should a non Charter Member vacancy arise, the Board shall select replacement from nominees appointed from all non Charter Members, provided that no Member shall have more than one (1) representative on the Board.
- 4. Term of Directors.**
 - a. The first Board shall be comprised of the appointees of the four (4) Charter Municipalities. Charter Municipality Directors shall serve until replaced by the Charter Municipality.
 - b. In the event that the Board is expanded beyond the four (4) Charter Members the expanded Board shall be elected by majority vote of the non-Charter Members for two (2) year terms. In the event the voting ends in a tie, the Charter Members will vote on the nominees.
 - c. There shall be no prohibition on appointment or election to successive terms.
- 5. Meeting of the Board of Directors.** Meetings of the Board shall be held at least quarterly at such time as it shall prescribe. Any item of Cooperative business may be considered at such meetings. Special meetings may be called by a majority of the Board. All members of the cooperative will be notified of the date, time and place of all Board meetings. All meetings of the Board are open to all cooperative members.

ARTICLE VI - POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board shall be permitted and authorized to perform and carryout, or delegate to others to perform and carry out, on behalf of the Cooperative, each and every act necessary, convenient or desirable to, and for carrying out the purpose of the Cooperative, including but not limited to:

1. Establish rules and regulations for the conduct of its meetings and elect from its membership a Chairman, Vice-Chairman, Secretary and Treasurer.
2. Contract with an insurance carrier or carriers for employee benefits as it deems appropriate and in the best interests of the Cooperative.
3. Monitor the performance of the group insurance program and report not less frequently than quarterly to the Members on all matters which affect insurance coverages and rates.
4. Contract with an agent for the procurement of insurance coverages.
5. Sue or be sued in its own name, and prosecute and defend claims.
6. Employ agents and employees.
7. Acquire, hold or dispose of personal property.
8. Promulgate procedures and regulations for the general operation of the Cooperative.
9. Take such action as is necessary to terminate the participation of any Member that fails to comply with the reasonable requirements of the Board concerning contractual obligations.

ARTICLE VII - LIABILITY OF THE BOARD OF DIRECTORS AND OFFICERS

The Directors and Officers of the Cooperative shall:

1. Use reasonable and ordinary care in the exercise of their duties hereunder, and will endeavor to serve the best interests of all members of the Cooperative;
2. Be afforded all the privileges and immunities that attach generally to governmental officers;
3. Not be liable for, and be held harmless and defended by the Cooperative, for any act of negligence, any mistake of judgment or any other action made, taken or omitted in good faith.

The Cooperative may purchase insurance providing coverage for its Directors and Officers.

The undersigned shall and agrees that the funds of the Cooperative shall be used to hold and defend any Director or Officer for any act or omission taken or omitted in good faith by the Board or a Director or an employee relating to or arising out of the conduct of Cooperative business. This obligation shall be considered an expense of the Cooperative and in no event shall any individual signator be liable for more than its pro rata contribution.

ARTICLE VIII - ESTABLISHMENT OF A BUDGETARY FUND

1. The Board shall establish a Budgetary Fund which shall consist of Annual Budgetary Contributions in amounts the Board deems sufficient to annually produce the sum of money necessary to fund the Cooperative's general and administrative expenses, the sum of which shall be known as the Annual Budget.
2. Sixty (60) days prior to the Cooperative's fiscal year end the Board shall prepare an Annual Budget for the succeeding fiscal year. Each Member's share of the Annual Budget shall be assessed to the Member's as their Annual Budgetary Contribution. Each Member's Annual Budgetary Contribution shall be the proportion of that said Member's total number of employees covered pursuant to this Agreement to the total number of employees covered of all Members as of the date of such calculation.
3. In the event that there shall exist a surplus in the Budgetary Fund at the end of any fiscal year, such surplus in the Budgetary Fund shall be applied toward the Annual Budget for the subsequent year.

ARTICLE IX – ESTABLISHMENT OF A CLAIMS AGGREGATE FUND

1. The Board shall establish a Claims Aggregate Fund, which shall consist of Member's Monthly Claims Aggregate Contributions from each Member.
2. The claims administrator contracted by the Board shall be authorized to make weekly withdrawals from this Fund in amounts equal to claims payments made on behalf of IIC members.
3. At least forty-five (45) days prior to the Cooperative's policy year-end the Cooperative's general administrator shall present each Member with their monthly claims aggregate factors for the next policy year.
4. All monies deposited into the Claims Aggregate Fund shall be independently tracked and accounted for. At the close of each policy year a full reconciliation of the Fund, matching deposits with claims payments for each Member, shall be prepared. A cross recovery analysis and report would then be prepared and a final surplus/(deficit) report would be presented to the Board of Directors and the Members. Following final year-end reconciliation, any surpluses will be distributed to the Members.

5. In order to stabilize the cost of reinsurance for the benefit of all members of the IIC, there is hereby established the following Cross Recovery mechanism.

During each policy year the members of the IIC agree to pay into the IIC treasury their maximum aggregate claim liability. At the end of each policy year, each member of the IIC pledges to commit a portion of any year-end surplus in their claims aggregate account to pay claims for any member(s) whose total claims for the policy year exceeded their maximum aggregate claim liability. The year-end surplus shall be determined by deducting claim payments from the members total claim aggregate liability payments and adding in any reinsurance reimbursements made to the members account.

The maximum portion of any surplus that may be made available for Cross Recovery shall be as follows:

No. of Employees	Member's Minimum Stop Loss Limit	Member's Cross Recovery Percentage
Less than 25	\$25,000	50%
25 or more but less than 70	\$25,000	30%
70 or more	\$35,000	15%

6. Member's Monthly Claims Aggregate Contributions for each month are due on or before the last day of the preceding the month for which payment is being made and shall be delinquent if not received in full by this due date. When the last day of the month falls on Saturday or Sunday, or a legal holiday, the said payments shall be delinquent if not received on the next business day following such Saturday, Sunday, or legal holiday.

It is recognized and acknowledged that the regular and prompt payment of Member's Monthly Claims Aggregate Contributions to the Fund is essential for the effective maintenance and operation of this Fund. If a Member fails to remit their payment which is due to the Fund by the due date, interest on such payments which are late shall accrue on and after the first day of delinquency at the rate of one and one-half percent (1.5%) per month or eighteen (18%) percent per annum until such amounts due are received.

7. Interest earnings on the Claims Aggregate Fund will be allocated and credited to each member based on their percentage of the Fund balance. This will be calculated by subtracting each Member's total claims paid from their total Member's Monthly Claims Aggregate Contributions received as a percentage of the total Fund balance.
8. Should a Member terminate their participation in the Cooperative in accordance with the provisions of this Agreement, any surpluses due that Member will be paid following the final reconciliation for last complete policy period in which that Member participated.

In addition, the terminating Member will need to execute an agreement with the Cooperative guaranteeing payment of all claims incurred prior to their termination.

9. Any new Member joining the Cooperative will be required to make an initial deposit into the Claims Aggregate Fund.

ARTICLE X - MISCELLANEOUS PROVISIONS

1. This agreement amends the Intergovernmental Cooperative Agreement among the Charter Municipalities dated February 25, 1991.
2. The provisions of this Agreement shall be interpreted pursuant to the laws of the Commonwealth of Pennsylvania.
3. The parties hereto consent that courts in the Commonwealth of Pennsylvania shall have jurisdiction over any dispute arising under this Agreement. The terms of this Agreement may be enforced in a court of law in the Commonwealth of Pennsylvania either by the Cooperative or by any Member.
4. The consideration for the obligations imposed upon Members pursuant to and under this Agreement shall be based upon the mutual promises and agreements of all Members who now execute or who hereinafter execute this Agreement.
5. This Agreement may be executed in duplicate originals or counterparts now or at any time in the future. The individuals executing this Agreement on behalf of participating Members hereby represent and certify that they are duly empowered to so execute this document.
6. No waiver or any breach of this Agreement or any provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof or of any of the other provision herein contained. No extension of time for performance of any obligation or act shall be deemed an extension of time for performance of any other obligations or acts.
7. This Agreement shall be binding and shall inure to the benefit of all Members who shall have executed this Agreement and complied with the financial requirements hereunder and provided that the Members shall have been duly approved in accordance with the terms and provisions of this Agreement.
8. The provisions of this Agreement shall be deemed severable and if any provision or part thereof is held illegal, void or invalid under applicable law, such provision or part may be changed to the extent reasonably necessary to make the provision or part, as so changed, legal, valid or binding. If any provision of this Agreement is held illegal, void, or invalid in its entirety, the remaining provisions of this Agreement shall not in any way be affected or implied but shall remain binding in accordance with their terms and this Agreement shall be so interpreted.

9. This Agreement contains the complete Agreement between the parties, and no representations or oral statements made or heretofore given shall constitute a part of this Agreement.
10. This Agreement may be altered or amended only by amendments duly adopted in accordance with the terms and conditions of this Agreement.
11. The caption headings used in this Agreement are used merely for identification purposes and shall not be deemed a part of this Agreement.
12. Whenever in this Agreement words, including pronouns, are used in the singular or plural, or masculine or feminine, they may be read and construed in the plural or singular, or masculine or feminine, respectively wherever they so apply.
13. This Agreement may be amended by the Board with the approval of two-thirds (2/3) of the Directors; all Members agree to properly execute and adopt amendments so approved.
14. The Cooperative shall maintain a fiscal year ending December 31st of each year.

ARTICLE XI- AGENT AND OFFICE

The agent of the Cooperative for service of notice shall be INTERGOVERNMENTAL INSURANCE COOPERATIVE, attention Board Secretary. The mailing address and office of the Cooperative shall be the Board Secretary's municipal office address.

ARTICLE XII - NOTICE

All notices required to be given under this Agreement shall be in writing and sent to the Secretary of the Board of Directors at his/her municipal office. Notices to any Member shall be sent to the representative of the Member at the Member's last known address.

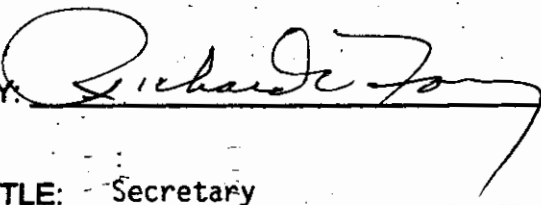
In the event that any party to this Agreement desires to change its address, notice of such change of address shall be sent to the other party in accordance with the terms and provisions of this Article.


In Witness whereof, this Agreement was executed on the 17TH day of OCTOBER, 2005, by the undersigned duly authorized officers of the Governmental Authority indicated below:

GOVERNMENTAL AUTHORITY:

Mount Joy Township Board of Supervisors
Lancaster County, Pennsylvania

Attest:

BY: 
TITLE: Secretary

BY: 
TITLE: Chairman
Mount Joy Township
Board of Supervisors

(SEAL)

**ACCEPTED FOR THE INTERGOVERNMENTAL
INSURANCE COOPERATIVE**

BY: _____
Chairman, on behalf of all other
current and future signatories