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## AGENDA

### Board of Directors Meeting

January 28, 2010 ~ Town of Ithaca Board Room

1. Approve December 2009 minutes (VOTE)
  
2. Review of NYS Insurance Dept. requirements
  - a. Reserves 25% vs 17%
  - b. Stop Loss quotes- additional quotes
  - c. Census
  - d. Revised Plan documents (ERISA changes)
  - e. Ancillary benefits update
  - f. Revised wording to Inter-municipal agreement
  - g. Union Participation
  
3. Future Topics

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**Consortium Members:**

County of Tompkins ~ City of Ithaca ~ Town of Caroline ~  
Town of Danby ~ Town of Dryden ~ Town of Enfield ~ Town of Groton ~ Town of Ithaca ~  
Town of Ulysses ~ Village of Cayuga Heights ~ Village of Dryden ~ Village of Groton ~ Village of Trumansburg

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**Board of Directors MINUTES  
November 19, 2009  
Tompkins County Library Board Room**

revised

**Agenda\*\*\*\***

1. Approval of minutes
2. Adopt policy to comply with age 29 requirement - VOTE
3. Designation of Banking Institutions - VOTE
4. Designation of Banking Institutions for a Letter of Credit - VOTE
5. Update on Application to NYSID
6. Update policy to satisfy reserve requirements for NYSID
7. Select CPA - VOTE
8. Select Stop-Loss Insurance provider
9. Actuarial Opinion
10. Review ancillary benefits proposals
11. Update from Medco regarding Prescription Drugs TPA
12. Update on Excellus Contract negotiations and roll-out plans
13. Discuss task assignments for current Steering Committee
14. Discuss scope of work and potential member for soon to be formed Advisory Committee

*\*\*\*Disclaimer: While these items have been discussed, NONE of them have been voted on or finalized. All plans are in the DRAFT phase.*

**Welcome and Review Agenda**

Chair Don Barber called the meeting to order at 5:30pm.

**Consortium Members:**

County of Tompkins ~ City of Ithaca ~ Town of Caroline ~  
Town of Danby ~ Town of Dryden ~ Town of Enfield ~ Town of Groton ~ Town of Ithaca ~  
Town of Ulysses ~ Village of Cayuga Heights ~ Village of Dryden ~ Village of Groton ~ Village of Trumansburg

**Present:**

City of Ithaca - Carolyn Peterson, County of Tompkins - Anita Fitzpatrick, Town of Caroline - Don Barber, Town of Danby - Laura Shawley, Town of Dryden - Mary Ann Sumner, Town of Enfield - Herb Masser, Town of Ithaca - Judith Drake, Town of Ulysses - Richard Coogan, Village of Cayuga Heights - Jim Gilmore, Village of Dryden - Charles Becker, Village of Groton - Charles V. Rankin, Village of Trumansburg - A. Martin Petrovic

**Union:**

CSEA - Chantalise Demarco, Ithaca Paid Fire Fighters Association & Chief - Greg Stevenson, TC3 Professional Administration Association - Darlene Finn

**Absent:**

Town of Groton

**In attendance:**

Locey & Cahill - Steve Locey, Locey & Cahill - David M Sanders, County Administrator - Joe Mareane, County Finance - David Squires, City of Ithaca - Steve Thayer, Finger Lakes Management Associates - Jed Constanz, Cayuga Medical Center - Travis Turner

**1. Approval of minutes**

**Minutes October 9, 2009**

Motion: Richard Coogan

Second: Judy Drake

Carried: unanimous

**Minutes October 29, 2009**

Motion: Richard Coogan

Second: Judy Drake

Carried: unanimous

**2. Adopt policy to comply with age 29 requirement - VOTE**

New York State recently amended its health insurance laws in order to permit young adult children under the age of 30 of covered parents to continue group coverage pursuant on several conditions (unmarried, NYS residents, who do not have medical insurance of their own, or Medicare, and are under the age of 30, regardless of financial dependence) Under the new law, premiums will be paid for by families, not employers, and would cost less because coverage is under group policies rather than individual policies.

Mr. Locey outlined two critical areas within this Law;

**Make Available Requirement**

The new law requires insurers that offer group health policies with dependent coverage to offer sponsoring employers a coverage option under which the unmarried child of a participant would be covered through age 29, regardless of whether the child is financially dependent on the parent. Prior to enactment of this law, there was no minimum age to which group health policies were required to cover dependent children, and most policies ended such coverage when the child reached age 19, or age 23 if a full-time college student. Under the new law, New York insurers must make this option available to employers, but employers are not required to offer this coverage option as part of their plans.

Mr. Locey stated that this area is still a little gray and requires additional guidance from the NYS Insurance Department.

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**Consortium Members:**

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Town of Ulysses ~ Village of Cayuga Heights ~ Village of Dryden ~ Village of Groton ~ Village of Trumansburg

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### ***Young Adult Option***

The new law also provides that, even if an employer does not offer the coverage option described above, the insurer must still permit a dependent child to elect continued coverage under a parent's group health policy through age 29. The cost of the continued coverage cannot exceed the cost of the single premium rate. For purposes of this "young adult option," a "dependent child" means an unmarried child living or working in New York who is not eligible for coverage under any other group health plan or Medicare. Mr. Locey described this option as COBRA-like extension.

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#### **Consortium Members:**

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Town of Danby ~ Town of Dryden ~ Town of Enfield ~ Town of Groton ~ Town of Ithaca ~  
Town of Ulysses ~ Village of Cayuga Heights ~ Village of Dryden ~ Village of Groton ~ Village of Trumansburg

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**Board of Directors - MINUTES**  
**December 17, 2009**  
**Tompkins County Library Board Room**

draft

Agenda \*\*\*\*

1. Approval of minutes
2. Update and actions steps based on latest info from NYSID
3. Stop-Loss insurance proposals- review quotes/ Adopt resolution -VOTE
4. Ancillary benefits adopt
5. Update on Excellus Contract
6. Recommend Authorization to execute contract - Locey and Cahill 1/110-12/31/10
7. Adopt resolution authorize letter from the Board of Directors to Senator Neil Breslin

*\*\*\*Disclaimer: While these items have been discussed, NONE of them have been voted on or finalized. All plans are in the DRAFT phase.*

**Present:**

**Municipalities:**

City of Ithaca - Carolyn Peterson, County of Tompkins - Anita Fitzpatrick,  
Town of Caroline - Don Barber, Town of Danby - Ric Dietrich, Town of Dryden - Mary Ann Sumner,  
Town of Ithaca - Judith Drake, Town of Ulysses - Richard Coogan, Village of Cayuga Heights - Jim  
Gilmore, Village of Dryden - Charles Becker, Village of Groton - Charles V. Rankin, Village of  
Trumansburg - Rordan Hart

**Union:**

CSEA - Chantalise Demarco, CSEA Health Benefits Specialist - Margaret Lloyd, Ithaca Paid Fire  
Fighters Association & Chief - Greg Stevenson, TC3 Professional Administration Association -  
Darlene Finn

**Absent:**

Town of Groton, Town of Enfield

**In attendance:**

Steve Locey - Locey & Cahill , David M Sanders - Locey & Cahill, Joe Mareane - County  
Administrator, David Squires - County Finance, Steve Thayer - City of Ithaca, Travis Turner - Cayuga  
Medical Center, Sharon Dovi -TC3 Human Resources Administrator  
Marcia Lynch -Tompkins County Public Information Officer, Stacy Shackford - Ithaca Journal

**Welcome Agenda**

Chair Don Barber called the meeting to order at 5:39pm.

**1. Approval of minutes**

1

**Consortium Members:**

County of Tompkins ~ City of Ithaca ~ Town of Caroline ~  
Town of Danby ~ Town of Dryden ~ Town of Enfield ~ Town of Groton ~ Town of Ithaca ~  
Town of Ulysses ~ Village of Cayuga Heights ~ Village of Dryden ~ Village of Groton ~ Village of Trumansburg

The minutes were tabled until the Board of Directors had the opportunity to read and review.

## **2. Update and actions steps based on latest info from NYSID**

Mr. Don Barber began with a brief history of the two years that it has taken to develop the Greater Tompkins County Municipal Health Insurance Consortium. He complimented those that worked so hard to make this happen, highlighting Steve Locey's efforts and the commitment by the County Administration. He also complimented the City of Ithaca and Tompkins County for their foresight in creating a venue in which all of Tompkins County's municipalities can benefit. Mr. Barber confirmed that the New York State Insurance Department is working with us to achieve our goals. He concluded that with our objectives, the single most important was that of the employee. With this in mind, some tough decisions needed to be made in order to ensure quality of benefits and quality of delivery.

Mr. Barber introduced Mr. Locey. Mr. Locey started the meeting by discussing the most recent obstacles experienced by the Consortium, as it pertains to compliance with the New York State Insurance Department. The two issues preventing the Consortium from receiving a Certificate of Authority are IBNR percentage and Union participation on the Board of Directors.

### ***IBNR percentage***

Mr. Locey is hopeful that the NYSID will allow the Consortium's reserve requirements to be decreased from 25% to at the most 17%, perhaps even lower. The level of cash reserves required by NYSID to satisfy the requirements as set forth in §4706(a)(1). We have provided the Insurance Department with requested financial and paid claims data in support of an incurred but not reported (IBNR) or paid claims reserve of no more than 17% of expected incurred claims and expenses therein.

Currently, the NYSID requires 25%; however, it is Mr. Locey's experience that many Consortiums have successfully started with an IBNR of 17% or lower. Mr. Locey is optimistic as we wait for the State's response to this consideration. There has been no response by the State on this request to date. In dollars, 17% to 25% IBNR would be equivalent to a 1.6 million dollar difference.

### ***Union participation on the Board of Directors***

Currently, the Consortium includes representatives of each union on the Board of Directors as a non-voting member. It is the Consortium Counsel's opinion that this is not required by Article 47 and that such voting rights would be considered to be unconstitutional in New York.

A compromise is sought by seeking support from the Putnam/ Northern Westchester Health Benefits Consortium, which started in 1982, includes fourteen school districts, and provides health benefits for over 8,018 participants. Putnam/ Northern Westchester Health Benefits Consortium is certified by the New York State Insurance Department. Putnam/ Northern Westchester Health Benefits Consortium operates a Labor Management Committee that includes representatives of each bargaining unit and each school district, they work together, review all prospective Board actions, benefit structure, and plan design. Mr. Locey is hopeful that we can learn and follow their best practices as we move forward towards certification.

Mr. Locey discussed two alternatives or options that could be evaluated if the two issues preventing the Consortium from receiving a Certificate of Authority are not reached, and they include:

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#### **Consortium Members:**

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**Option (1) ONE** Self-Insurance via Article 47 of the NYS Insurance Law (current Plan) with the hopes that the two above issues can be resolved.

**Option (2) TWO** Purchasing Minimum Premium Insurance as Authorized by Article 5G of NYS General Municipal Law.

Problems that need to be resolved under this agenda include:

Satisfy whatever requirements Excellus BCBS has relative to allowing a Consortium to be insured on an experience rated basis and include municipalities that employs less than fifty (50) employees. (Which are excluded in Article 5G)

**Option (2) TWO "B"**

Have one of the larger employers (County of Tompkins, City of Ithaca or Town of Ithaca) include the covered members of the Towns and Villages under their insurance contract.

Question: how union voting was an issue and how it would influence the BOD. Mr. Locey reiterated the above-mentioned issues, stated that numbers are the real problem. Within the Greater Tompkins County Municipal Health Insurance Consortium there would be fourteen (14) municipalities and 18-24 Unions, therefore making them the majority and compromising fiscal stability by allowing non-taxing entities to control taxpayer funding. He also confirmed that the State allowed the weighted voting model due to the disproportionate investment and risk experienced by the consortium's two largest entities in the City of Ithaca and Tompkins County.

Mr. Locey referred to the Labor Management Committee as a possible compromise, where Unions have a significant say in plan design. Mr. Locey and Ms. Margaret Lloyd, differed on the BOD make up from within the Putnam/ Northern Westchester Health Benefits Consortium, Mr. Locey stated that he spoke with Dr. Thomas Higgins, and is confident that Unions do not vote, but are represented by the Labor Management Committee.

Mr. Locey reminded the BOD that Excellus Blue Cross Blue Shield and representative Beth Miller are aware of the Consortium's possible delay, predicted by Mr. Locey to be until March first. Each of the municipalities are asked to extend their existing health coverage beyond January 1 in case the state does not grant the necessary certificate of authority before then. Both the current and new health plans are to be handled through Excellus and the insurer has guaranteed it will honor earlier quotes (renewals) provided to municipalities. For most of the smaller entities this an additional cost that they did not foresee, for others it's a savings.

**3. Stop-Loss insurance proposals- review quotes/ Adopt resolution -VOTE**

Mr. Locey presented the quotes from Highmark and Excellus, only Excellus came in under the budgeted amount of \$350,000.00. Mr. Locey stated that the Consortium would not be able to adopt since the start date is listed as January first, however in order to meet the requirements of the NYSID a resolution would be required;

Whereas the Board of Directors authorizes the purchase of stop loss insurance in compliance with the New York State Insurance Department, at a cost not to exceed the 2010 budgeted amount.

Motion: Richard Coogan

Second: Jim Gilmore

Carried Unanimous

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**Consortium Members:**

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Town of Danby ~ Town of Dryden ~ Town of Enfield ~ Town of Groton ~ Town of Ithaca ~  
Town of Ulysses ~ Village of Cayuga Heights ~ Village of Dryden ~ Village of Groton ~ Village of Trumansburg

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## DESIGNATION OF STOP LOSS INSURANCE POLICY

Whereas, the Consortium must select stop loss insurance, as required by Article 47 of NYS Insurance Law, on behalf of the consortium,  
NOW, therefore be it resolved, upon recommendation of the Health Benefits Steering Committee, that the Consortium hereby selects \_\_\_\_\_ as the Stop Loss Insurance Carrier for the consortium for the first year of the consortium's operation.

### 4. Ancillary benefits adopt

Mr. Locey provided CSEA's plan description and summaries for the following; Platinum 12 Vision plan, Dutchess Dental plan, Equinox Dental plan, and Horizon Dental plan. These plans are critical in offering plans "equal to or better than" those that are currently provided by the Teamsters.

Mr. Locey stated that an attempt has been made to revisit Municipalities that voted down joining the Consortium, including the Town of Newfield. Each of the municipalities that offer CSEA Ancillary benefits provides the consortium with a wider range of menu items that all entities can negotiate to.. Several collective bargaining unit questions were asked of Mr. Locey. Mr. Barber reminded the Board that the consortium is not involved in any local bargaining, its only role to offer that which already exists, evaluate and implement new plans that are established via normal bargaining procedures.

### 5. Update on Excellus Contract

Mr. Locey informed the BOD that the contracts are completed and have been forwarded to the State. Mr. Locey explained that once the NYSID approves the contracts, the BOD will then adopt. Mr. Locey stated that there were four changes to the Excellus contract thus far and none to the Medco to date.

### Approval of minutes -VOTE

Upon request Mr. Barber motioned to accept the November 19<sup>th</sup> minutes, as the BOD were able to review the minutes in between agenda items. Several typos and corrections were asked to be corrected.

Motion: Carolyn Peterson

Second: Jim Gilmore

Carries Unanimous

### 6. Recommend Authorization to execute contract - Locey and Cahill 1/110-12/31/10

Tabled, as the contract can not be executed until the Consortium has received a certificate of Authority.

### 7. Adopt resolution authorize letter from the Board of Directors to Senator Neil Breslin

Mr. Barber presented a letter on behalf of the Greater Tompkins County Municipal Health Insurance Consortium to Senator Neil Breslin.

Resolution to Authorize letter from the Board of Directors to Senator Neil Breslin

Motion: Carolyn Peterson

Second: Jim Gilmore

Carries Unanimous

### Adjournment 6:50pm

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#### Consortium Members:

County of Tompkins ~ City of Ithaca ~ Town of Caroline ~  
Town of Danby ~ Town of Dryden ~ Town of Enfield ~ Town of Groton ~ Town of Ithaca ~  
Town of Ulysses ~ Village of Cayuga Heights ~ Village of Dryden ~ Village of Groton ~ Village of Trumansburg

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**MUNICIPAL COOPERATION AGREEMENT**

**THIS AGREEMENT** (the "Agreement") made effective as of 1<sup>st</sup> day of January 2010 (the "Effective Date"), by and among each of the signatory municipal corporations hereto (collectively, the "Participants").

**W H E R E A S:**

1. Article 5-G of the New York General Municipal Law (the "General Municipal Law") authorizes municipal corporations to enter into cooperative agreements for the performance of those functions or activities in which they could engage individually;

2. Sections 92-a and 119-o of the General Municipal Law authorize municipalities to purchase a single health insurance policy, enter into group health plans, and establish a joint body to administer a health plan;

3. Article 47 of the New York Insurance Law (the "Insurance Law"), and the rules and regulations of the New York State Superintendent of Insurance (the "Superintendent") set forth certain requirements for governing self-insured municipal cooperative health insurance plans;

4. Section 4702(f) of the Insurance Law defines the term "municipal corporation" to include a county, city, town, village, ~~fire district~~, school district, board of cooperative educational services, public library (as defined in Section 253 of the New York State Education Law) and district (as defined in Section 119-n of the General Municipal Law); and

5. The Participants have determined to their individual satisfaction that furnishing the health benefits (including, but not limited to, medical, surgical, hospital, prescription drug, dental, and/or vision) for their eligible officers, eligible employees (as defined by the Internal Revenue Code of 1986, as amended, and the Internal Revenue Service rules and regulations), eligible retirees, and the eligible dependents of eligible officers, employees and retirees (collectively, the "Enrollees") (such definition does not include independent contractors and/or consultants) through a municipal cooperative is in their best interests as it is more cost-effective and efficient. Eligibility requirements shall be determined by each Participant's collective bargaining agreements and/or their personnel policies and procedures.

**NOW, THEREFORE**, the parties agree as follows:

**A. PARTICIPANTS.**

1. The Participants hereby designate themselves under this Agreement as the Greater Tompkins County Municipal Health Insurance Consortium (the "Consortium") for the purpose of providing health benefits (medical, surgical, hospital, prescription drug, dental, and/or vision) to those Enrollees that each Participant individually elects to include in the Greater Tompkins County Municipal Health Insurance Consortium Medical Plan(s) (the "Plan(s)").

2. The undersigned ~~following~~ Participants shall comprise the initial membership of the Consortium (a) County of Tompkins; (b) City of Ithaca; (c) Town of Enfield; (d) Town of Caroline; (e) Town of Ithaca; (f) Town of Danby; (g) Town of Lansing; (h) Town of Dryden; (i) Town of Newfield; (j) Town of Ulysses; (k) Village of Cayuga Heights; (l) Village of Groton;

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(m) Village of Lansing; (n) Village of Dryden; (o) Village of Trumansburg. Membership in the Consortium may be offered to any municipal corporation within the geographical boundaries of the County of Tompkins; provided however, in the sole discretion of the Board (as defined below), the applicant provides satisfactory proof of its financial responsibility and is of the same type of municipal corporation as the ~~undersigned Participants.~~ initial Participants. Notwithstanding anything to contrary set forth in this Agreement, admission of new Participants shall not require amendment of this Section A(2). Membership shall be subject to the terms and conditions set forth in this Agreement, any amendments hereto and applicable law.

3. Participation by some, but not all, collective bargaining units or employee groups of a Participant is not encouraged and shall not be permitted absent prior Board approval. Further, after obtaining approval, any Participant which negotiates an alternative health insurance plan offering other than the plan offerings of the Consortium with a collective bargaining unit or employee group may be subject to a risk charge as determined by the Board.

4. Initial membership of additional participants shall become effective on the first day of the Plan Year following the adoption by the Board of the resolution to accept a municipal corporation as a Participant. Such municipal corporation must agree to continue as a Participant for a minimum of three (3) years upon entry.

5. The Board, by a two-thirds (2/3) vote of the entire Board, may elect to permit a municipal corporation which is not located in the geographical or political boundaries of the County of Tompkins to become a Participant subject to satisfactory proof, as determined by the Board, of such municipal corporation's financial responsibility. Such municipal corporation must agree to continue as a Participant for a minimum of three (3) years upon entry.

6. A municipal corporation that was previously a Participant, but is no longer a Participant, and which is otherwise eligible for membership in the Consortium, may apply for re-entry after a minimum of three (3) years has passed since it was last a Participant. Such re-entry shall be subject to the approval of two-thirds (2/3) of the entire Board. This re-entry waiting period may be waived by the approval of two-thirds (2/3) of the entire Board. In order to re-enter the Consortium, a municipal corporation employer must have satisfied in full all of its outstanding financial obligations to the Consortium. A municipal corporation must agree to continue as a Participant for a minimum of three (3) years upon re-entry.

**B. PARTICIPANT LIABILITY.**

1. The Participants shall share in the costs of, and assume the liabilities for benefits (including medical, surgical, and hospital) provided under the Plan(s) to covered officers, employees, retirees, and their dependents. Each Participant shall pay on demand such Participant's share of any assessment or additional contribution ordered by the Board, as set forth in Section K(4) of this Agreement. The pro rata share shall be based on the Participant's relative "premium" contribution to the Plan(s) as a percentage of the aggregate "premium" contribution to the Plan(s), as is appropriate based on the nature of the assessment or contribution.

2. New Participants (each a "New Participant") who enter the Consortium may be assessed a fee for additional financial costs above and beyond the premium contributions to the Plan(s). Any such additional financial obligations and any related terms and conditions

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associated with membership in the Consortium shall be determined by the Board, and shall be disclosed to the New Participant prior to its admission.

3. Each Participant shall be liable, on a pro rata basis, for any additional assessment required in the event the Consortium funding falls below those levels required by the Insurance law as follows:

a. In the event the Consortium does not have admitted assets (as defined in Insurance Law § 107) at least equal to the aggregate of its liabilities, reserves and minimum surplus required by the Insurance Law, the Board shall, within thirty (30) days, order an assessment (an "Assessment Order") for the amount that will provide sufficient funds to remove such impairment and collect from each Participant a pro-rata share of such assessed amount.

b. Each Participant that participated in the Consortium at any time during the two (2) year period prior to the issuing of an Assessment Order by the Board shall, if notified of such Assessment Order, pay its pro rata share of such assessment within ninety (90) days after the issuance of such Assessment Order. This provision shall survive termination of the Agreement or withdrawal of a Participant.

c. For purposes of this Section B(3), a Participant's pro-rata share of any assessment shall be determined by applying the ratio of the total assessment to the total contributions or premium equivalents earned during the period covered by the assessment on all Participants subject to the assessment to the contribution or premium equivalent earned during such period attributable to such Participant.

**C. BOARD OF DIRECTORS.**

1. The governing board of the Consortium, responsible for management, control and administration of the Consortium and the Plan(s), shall be referred to as the "Board of Directors" (the "Board"). The voting members of the Board shall be composed of one representative of each Participant, who shall have the authority to vote on any official action taken by the Board (each a "Director" or "voting Director"). Each Director shall be designated in writing by the governing body of the Participant.

2. If a Director cannot fulfill his/her obligations, for any reason, as set forth herein, and the Participant desires to designate a new Director, it must notify the Consortium's Chairperson in writing of its selection of a new designee to represent the Participant as a Director.

3. Directors shall receive no remuneration from the Consortium for their service and shall serve a term from January 1 through December 31 (the "Plan Year").

4. No Director may represent more than one Participant.

5. No Director, or any member of a Director's immediate family shall be an owner, officer, director, partner, or employee of any contractor or agency retained by the Consortium, including any third party contract administrator.

6. Except as otherwise provided in Section D of the Agreement, each Director shall be entitled to one vote. A majority of the entire Board, not simply those present, is required for the Board to take any official action, unless otherwise specified in this Agreement. The "entire

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Board”, as used herein and elsewhere in this Agreement, shall mean the total number of voting Directors when there are no vacancies.

7. Each Participant may designate in writing an alternate Director to attend the Board's meeting when its Director cannot attend. The alternate Director may participate in the discussions at the Board meeting and will, if so designated in writing by the Participant, be authorized to exercise the Participant's voting authority. Only alternate Directors with voting authority shall be counted toward a quorum.

8. A majority of the voting Directors of the Board shall constitute a quorum. A quorum is a simple majority (more than half) of the entire Board. A quorum is required for the Board to conduct any business. This quorum requirement is independent of the voting requirements set forth in Section C(6). The Board shall meet on a regular basis, but not less than on a quarterly basis at a time and place within the State of New York determined by a vote of the Board. The Board shall hold an annual meeting (the “Annual Meeting”) between October 3<sup>rd</sup> and October 15<sup>th</sup> of each Plan Year.

9. Special meetings of the Board may be called at any time by the Chairperson or by any two (2) Directors. Whenever practicable, the person or persons calling such special meeting shall give at least three (3) day notice to all of the other Directors. Such notice shall set forth the time and place of the special meeting as well as a detailed agenda of the matters proposed to be acted upon. In the event three (3) days notice cannot be given, each Director shall be given such notice as is practicable under the circumstances.

10. In the event that a special meeting is impractical due to the nature and/or urgency of any action which, in the opinion of the Chairperson, is necessary or advisable to be taken on behalf of the Consortium, the Chairperson may send proposals regarding said actions via facsimile to each and all of the Directors. The Directors may then fax their approval or disapproval of said actions to the Chairperson. Upon receipt by the Chairperson of the requisite number of written approvals, the Chairperson may act on behalf of the Board in reliance upon such approvals. Any actions taken by the Chairperson pursuant to this paragraph shall be ratified at the next scheduled meeting of the Board.

11. In addition, the Board shall include a representative from each union who is the exclusive collective bargaining representative of any Enrollee or group of Enrollees covered by the Plan[s], for one or more of the Participants. Each union shall be entitled to one representative, regardless of the number of Participants that recognize the union as the exclusive collective bargaining representative for employees covered by the Plan. Each eligible union shall establish and agree to the procedures by which the representative is chosen and shall designate one representative in writing to the Chairman of the Board. Each representative designated under this section shall serve as a non-voting member of the Board (each a “Non-Voting Director”), who shall not have the authority to vote on any official action taken by the Board, nor move or second binding resolutions. The number of Non-Voting Directors shall not be taken into account when determining the existence of a quorum. Non-Voting Directors shall not be eligible to hold office in the Consortium. Notwithstanding the foregoing, Non-Voting Directors (a) may participate in Board deliberations; (b) may propose and submit non-binding recommendations and/or resolutions to the full Board; and (c) shall have such other rights and responsibilities as determined by the Board.

**D. WEIGHTED VOTING.**

1. Except as otherwise provided in this Agreement, any two or more voting Directors, acting jointly, may require a weighted vote on any matter that may come before the Board. In such event, the voting procedure set forth in this Section D shall apply in lieu of any other voting procedures set forth in this Agreement. Such weighted voting procedures shall apply solely with respect to the matter then before the Board.

2. For purposes of this Section D, each voting Director shall receive votes as follows:

- a. each voting Director representing a Participant with five hundred (500) or fewer Enrollees shall be entitled to one (1) vote.
- b. each voting Director representing a Participant with more than five hundred (500) Enrollees shall be entitled to a number of votes equaling the total number of votes available under subsection (a) divided evenly by the number of Participants eligible under subsection (b) of this section and rounded down to the nearest whole number.

3. Attached as Addendum “A” to this Agreement is an example of the application of the voting formula contained in subparagraph “2” of this Section.

4. Notwithstanding anything to the contrary contained in this Agreement, any action taken pursuant to this Section D shall require the approval of two-thirds (2/3) of the total number of votes, if all votes had been cast.

**E. ACTIONS BY THE BOARD.**

Subject to the voting and quorum requirements set forth in this Agreement, the Board is authorized and/or required to take action on the following matters:

1. To fill any vacancy in any of the officers of the Consortium.
2. To fix the frequency, time and place of regular Board meetings.
3. To approve an annual budget for the Consortium, which shall be prepared and approved prior to October 15<sup>th</sup> of each year, and determine the annual premium equivalent rates to be paid by each Participant for each Enrollee classification in the Plan on the basis of a community rating methodology filed with and approved by the Superintendent.
4. To audit receipts and disbursements of the Consortium and provide for independent audits, and periodic financial and operational reports to Participants.
5. To establish a joint fund or funds to finance all Consortium expenditures, including claims, reserves, surplus, administration, stop-loss insurance and other expenses.
6. To select and approve the benefits provided by the Plan(s) including the plan document(s), insurance certificate(s), and/or summary plan description(s), a copy of the Plan(s) effective on the date of this Agreement is incorporated by reference into this Agreement.

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7. To annually select a plan consultant (the "Plan Consultant") for the upcoming Plan Year, prior to October 1<sup>st</sup> of each year.

8. To review, consider and act on any recommendations made by the Plan Consultant.

9. To establish administrative guidelines for the efficient operation of the Plan.

10. To establish financial regulations for the entry of new Participants into the Consortium consistent with all applicable legal requirements and this Agreement.

11. To contract with third parties, which may include one or more Participants, for the furnishing of all goods and services reasonably needed in the efficient operation and administration of the Consortium, including, without limitation, accounting services, legal counsel, contract administration services, consulting services, purchase of insurances and actuarial services. Provided, however (a) the charges, fees and other compensation for any contracted services shall be clearly stated in written administrative services contracts, as required in Section 92-a(b)(6) of the General Municipal Law; (b) payment for contracted services shall be made only after such services are rendered; (c) no Director or any member of such Director's immediate family shall be an owner, officer, director, partner or employee of any contract administrator retained by the Consortium; and (d) all such agreements shall otherwise comply with the requirements of Section 92-a(b)(6) of the General Municipal Law.

12. To purchase stop-loss insurance on behalf of the Consortium and determine each year the insurance carrier or carriers who are to provide the stop-loss insurance coverage during the next Plan Year, as required by Section 4707 of the Insurance Law.

13. To determine and notify each Participant prior to October 15<sup>th</sup> of each Plan Year of the monthly premium equivalent for each enrollee classification during the next Plan Year commencing the following January 1<sup>st</sup>.

14. To designate the banks or trust companies in which joint funds, including reserve funds, are to be deposited and which shall be located in this state, duly chartered under federal law or the laws of this state and insured by the Federal Deposit Insurance Corporation, or any successor thereto.

15. To designate annually a treasurer (the "Treasurer") who may or may not be a Director and who shall be the treasurer, or equivalent financial officer, for one of the Participants. The Treasurer's duties shall be determined by the Chief Fiscal Officer to whom he/she will report.

16. To designate an Officer or Director to retain custody of all reports, statements and other documents of the Consortium and take minutes of each Board meeting which shall be acted on by the Board at a subsequent meeting.

17. To choose the certified public accountant and the actuary to provide the reports required by this Agreement and any applicable law.

18. To designate an attorney-in-fact to receive summons or other legal process in any action, suit or proceeding arising out of any contract, agreement or transaction involving the Consortium. The Board designates John G. Powers, Esq. as the Consortium's initial attorney-in-fact.

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19. To take all necessary action to ensure that the Consortium obtains and maintains a Certificate of Authority in accordance with the Insurance Law.

20. To take all necessary action to ensure the Consortium is operated and administered in accordance with the law of the State of New York.

21. To take any other action authorized by law and deemed necessary to accomplish the purposes of this Agreement.

**F. EXECUTIVE COMMITTEE.**

1. The Executive Committee of the Consortium shall consist of the Chairperson, the Vice-Chairperson, and the Chief Fiscal Officer of the Consortium.

2. The Executive Committee may meet at anytime between meetings of the Board, at the discretion of the Chairperson. The Executive Committee shall make recommendations to the Board.

3. The Executive Committee shall manage the Consortium between meetings of the Board, subject to such approval by the Board as may be required by this Agreement.

**G. OFFICERS.**

1. At the Annual Meeting, the Board shall elect from its Directors a Chairperson, Vice Chairperson, Chief Fiscal Officer, and Secretary, who shall serve for a term of one (1) year or until their Successors are elected and qualified. Any vacancy in an officer's position shall be filled at the next meeting of the Board.

2. Officers of the Consortium and employees of any third party vendor, including without limitation the officers and employees of any Participant, who assist or participate in the operation of the Consortium, shall not be deemed employees of the Consortium. Each third party vendor shall provide for all necessary services and materials pursuant to annual contracts with the Consortium. The officers of the Consortium shall serve without compensation from the Consortium, but may be reimbursed for reasonable out-of-pocket expenses incurred in connection with the performance of such officers' duties.

3. Officers shall serve at the pleasure of the Board and may be removed or replaced upon a two-thirds (2/3) vote of the entire Board. This provision shall not be subject to the weighted voting alternative set forth in Section D.

**H. CHAIRPERSON; VICE CHAIRPERSON.**

1. The Chairperson shall be the chief executive officer of the Consortium.

2. The Chairperson, or in the absence of the Chairperson, the Vice Chairperson, shall preside at all meetings of the Board.

3. In the absence of the Chairperson, the Vice Chairperson shall perform all duties related to that office.

**I. PLAN ADMINISTRATOR.**

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The Board, by a two-thirds (2/3) vote of the entire Board, may annually designate an administrator and/or insurance company of the Plan (the "Plan Administrator") and the other provider(s) who are deemed by the Board to be qualified to receive, investigate, and recommend or make payment of claims, provided that the charges, fees and other compensation for any contracted services shall be clearly stated in written administrative services and/or insurance contracts and payment for such contracted services shall be made only after such services are rendered or are reasonably expected to be rendered. All such contracts shall conform to the requirements of Section 92-a(6) of the General Municipal Law.

**J. CHIEF FISCAL OFFICER.**

1. The Chief Fiscal Officer shall act as the chief financial administrator of the Consortium and disbursing agent for all payments made by the Consortium, and shall have custody of all monies either received or expended by the Consortium. The Chief Fiscal Officer shall be a fiscal officer of a Participant. The Chief Fiscal Officer shall receive no remuneration from the Consortium, ~~except that the~~ The Plan will ~~shall~~ reimburse the Participant that employs the Chief Fiscal Officer for reasonable and necessary out-of-pocket expenses incurred by the Chief Fiscal Officer in connection with the performance of his or her duties that relate to the Consortium.

2. All monies collected by the Chief Fiscal Officer relating to the Consortium, shall be maintained and administered as a common fund. The Chief Fiscal Officer shall, notwithstanding the provisions of the General Municipal Law, make payment in accordance with procedures developed by the Board and as deemed acceptable to the Superintendent.

3. The Chief Fiscal Officer shall be bonded for all monies received from the Participants. The amount of such bond shall be established annually by the Consortium in such monies and principal amount as may be required by the Superintendent.

4. All monies collected from the Participants by the Chief Fiscal Officer in connection with the Consortium shall be deposited in accordance with the policies of the Participant which regularly employs the Chief Fiscal Officer and shall be subject to the provisions of law governing the deposit of municipal funds.

5. The Chief Fiscal Officer may invest moneys not required for immediate expenditure in the types of investments specified in the General Municipal Law for temporary investments or as otherwise expressly permitted by the Superintendent.

6. The Chief Fiscal Officer shall account for the Consortium's reserve funds separate and apart from all other funds of the Consortium, and such accounting shall show:

- a. the purpose, source, date and amount of each sum paid into the fund;
- b. the interest earned by such funds;
- c. capital gains or losses resulting from the sale of investments of the Plan's reserve funds;
- d. the order, purpose, date and amount of each payment from the reserve fund; and

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e. the assets of the fund, indicating cash balance and schedule of investments.

7. The Chief Fiscal Officer shall cause to be prepared and shall furnish to the Board, to participating municipal corporations, to unions which are the exclusive bargaining representatives of Enrollees, the Board's consultants, and to the Superintendent:

a. an annual audit, and opinions thereon, by an independent certified public accountant, of the financial condition, accounting procedures and internal control systems of the municipal cooperative health benefit plan;

b. an annual report and quarterly reports describing the Consortium's current financial status; and

c. an annual independent actuarial opinion on the financial soundness of the Consortium, including the actuarial soundness of contribution or premium equivalent rates and reserves, both as paid in the current Plan Year and projected for the next Plan Year.¶

8. Within ninety (90) days after the end of each Plan Year, the Chief Fiscal Officer shall furnish to the Board a detailed report of the operations and condition of the Consortium's reserve funds.

**K. PREMIUM CALCULATIONS/PAYMENT.**

1. The annual premium equivalent rates shall be established and approved by a majority of the entire Board. The method used for the development of the premium equivalent rates may be changed from time to time by the approval of two-thirds (2/3) of the entire Board, subject to review and approval by the Superintendent. The premium equivalent rates shall consist of such rates and categories of benefits as is set forth in the Plan[s] that is determined and approved by the Board consistent with New York law.

2. The Consortium shall maintain reserves and stop-loss insurance to the level and extent required by the Insurance Law and as directed by the Superintendent.

3. Each Participant's monthly premium equivalent, by enrollee classification, shall be paid by the first day of each calendar month during the Plan Year. A late payment charge of one percent (1%) of the monthly installment then due will be charged by the Board for any payment not received by the first of each month, or the next business day when the first falls on a Saturday, Sunday, legal holiday or day observed as a legal holiday by the Participants.

The Consortium may waive the first penalty once per Plan Year for each Participant, but will strictly enforce the penalty thereafter. A repeated failure to make timely payments, including any applicable penalties, may be used by the Board as an adequate justification for the expulsion of the Participant from the Consortium.

4. The Board shall assess Participants for additional contributions, if actual and anticipated losses due to benefits paid out, administrative expenses, and reserve and surplus requirements exceed the amount in the joint funds, as set forth in Section B(3) above.

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5. The Board, in its sole discretion, may refund amounts in excess of reserves and surplus, or retain such excess amounts and apply these amounts as an offset to amounts projected to be paid under the next Plan Year's budget.

**L. EMPLOYEE CONTRIBUTIONS.**

If any Participant requires an Enrollee's contribution for benefits provided by the Consortium, the Participant shall collect such contributions at such time and in such amounts as it requires. However, the failure of a Participant to receive the Enrollee contribution on time shall not diminish or delay the payment of the Participant's monthly premium equivalent to the Consortium, as set forth in this Agreement.

**M. ADDITIONAL BENEFITS.**

Any Participant choosing to provide more benefits, coverages, or enrollment eligibility other than that provided under the Plan(s), will do so at its sole expense. This Agreement shall not be deemed to diminish such Participant's benefits, coverages or enrollment eligibility, the additional benefits and the payment for such additional benefits, shall not be part of the Plan(s) and shall be administered solely by and at the expense of the Participant.

**N. REPORTING.**

The Board, through its officers, agents, or delegates, shall ensure that the follow reports are prepared and submitted:

1. Annually after the close of the Plan Year, not later than one-hundred twenty (120) days after the close of the Plan Year, the Board shall file a report with the Superintendent showing the financial condition and affairs of the Consortium, including an annual independent financial audit statement and independent actuarial opinion, as of the end of the preceding plan year.

2. Annually after the close of the Plan Year, the Board shall have prepared a statement and independent actuarial opinion on the financial soundness of the Plan, including the contribution or premium equivalent rates and reserves, both as paid in the current Plan Year and projected for the next Plan Year.

3. The Board shall file reports with the Superintendent describing the Consortium's then current financial status within forty-five (45) days of the end of each quarter during the Plan year.

4. The Board shall provide the annual report to all Participants and all unions, which are the exclusive collective bargaining representatives of Enrollees, which shall be made available for review to all Enrollees.

5. The Board shall submit to the Superintendent a report describing any material changes in any information originally provided in the Certificate of Authority. Such reports, in addition to the reports described above, shall be in such form, and containing such additional content, as may be required by the Superintendent.

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**O. WITHDRAWAL OF PARTICIPANT.**

1. Withdrawal of a Participant from the Consortium shall be effective only once annually on the last day of the Plan Year.

2. Notice of intention of a Participant withdraw must be given in writing to the Chairperson prior to October 3<sup>rd</sup> of each Plan Year. Failure to give such notice shall automatically extend the Participant's membership and obligations under the Agreement for another Plan Year, unless the Board shall consent to an earlier withdrawal by a two-thirds (2/3) vote.

3. Any withdrawing Participant shall be responsible for its pro rata share of any Plan deficit that exists on the date of the withdrawal, subject to the provisions of subsection "4" of this Section. The withdrawing Participant shall be entitled to any pro rata share of surplus that exists on the date of the withdrawal, subject to the provisions of subsection "4" of this Section. The Consortium surplus or deficit shall be based on the sum of actual expenses and the estimated liability of the Consortium as determined by the Board. These expenses and liabilities will be determined one (1) year after the end of the Plan Year in which the Participant last participated.

4. The surplus or deficit shall include recognition and offset of any claims, expenses, assets and/or penalties incurred at the time of withdrawal, but not yet paid. Such pro rata share shall be based on the Participant's relative premium contribution to the Consortium as a percentage of the aggregate premium contributions to the Consortium during the period of participation. This percentage amount may then be applied to the surplus or deficit which existed on the date of the Participant's withdrawal from the Consortium. Any pro rata surplus amount due the Participant shall be paid to the Participant one year after the effective date of the withdrawal. Any pro rata deficit amount shall be billed to the Participant by the Consortium one year after the effective date of the withdrawal and shall be due and payable within thirty (30) days after the date of such bill.

**P. DISSOLUTION; RENEWAL; EXPULSION.**

1. The Board at any time, by a two-thirds (2/3) vote of the entire Board, may determine that the Consortium shall be dissolved and terminated. If such determination is made, the Consortium shall be dissolved ninety (90) days after written notice to the Participants.

a. Upon determination to dissolve the Consortium, the Board shall provide notice of its determination to the Superintendent. The Board shall develop and submit to the Superintendent for approval a plan for winding-up the Consortium's affairs in an orderly manner designed to result in timely payment of all benefits.

b. Upon termination of this Agreement, or the Consortium, each Participant shall be responsible for its pro rata share of any deficit or shall be entitled to any pro rata share of surplus that exists, after the affairs of the Consortium are closed. No part of any funds of the Consortium shall be subject to the claims of general creditors of any Participant until all Consortium benefits and other Consortium obligations have been satisfied. The Consortium's surplus or deficit shall be based on actual expenses. These expenses will be determined one year after the end of the Plan Year in which this Agreement or the Consortium terminates.

c. Any surplus or deficit shall include recognition of any claims/expenses incurred at the time of termination, but not yet paid. Such pro rata share shall be based on

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each Participant's relative premium contribution to the Plan as a percentage of the aggregate premium contributions to the Plan during the period of participation. This percentage amount would then be applied to the surplus or deficit which exists at the time of termination.

2. The continuation of the Consortium under the terms and conditions of the Agreement, or any amendments or restatements thereto, shall be subject to Board review on the fifth (5<sup>th</sup>) anniversary of the Effective Date and on each fifth (5<sup>th</sup>) anniversary date thereafter (each a "Review Date").

a. At the annual meeting a year prior to the Review Date, the Board shall include as an agenda item a reminder of the Participants' coming obligation to review the terms and conditions of the Agreement.

b. During the calendar year preceding the Review Date, each Participant shall be responsible for independently conducting a review of the terms and conditions of the Agreement and submitting to the Board of Directors a written resolution containing any objection to the existing terms and conditions or any proposed modification or amendment to the existing Agreement, such written resolution shall be submitted to the Board on or before March 1<sup>st</sup> preceding the Review Date. Failure to submit any such resolution shall be deemed as each Participant's agreement and authorization to the continuation of the Consortium until the next Review Date under the existing terms and conditions of the Agreement.

c. As soon as practicable after March 1<sup>st</sup>, the Board shall circulate to all Participants copies of all resolutions submitted by the Participants. Subject to Section S hereof, any resolutions relating to the modification, amendment, or objection to the Agreement submitted prior to each Review Date shall be considered and voted on by the Participants at a special meeting called for such purpose. Such special meeting shall be held on or before July 1<sup>st</sup> preceding the Review Date.

d. Notwithstanding the foregoing or Section S hereof, if at the Annual Meeting following any scheduled Review Date the Board votes on and approves the budget and annual assessment for the next year, the Participants shall be deemed to have approved the continuation of the Consortium under the existing Agreement until the next Review Date.

3. The Participants acknowledge that it may be necessary in certain extraordinary circumstances to expel a Participant from the Consortium. In the event the Board determines that:

a. a Participant has acted inconsistently with the provisions of the Agreement in a way that threatens the financial well-being or legal validity of the Consortium; or

b. a Participant has acted fraudulently or has otherwise acted in bad faith with regards to the Consortium, or toward any individual Participant concerning matters relating to the Consortium, the Board may vote to conditionally terminate said Participant's membership in the Consortium. Upon such a finding by the affirmative vote of seventy-five percent (75%) of the Participants, the offending Participant shall be given sixty (60) days to correct or cure the alleged wrongdoing to the satisfaction of the Board. Upon the expiration of said sixty (60) day period, an absent satisfactory cure, to the Board may expel the Participant by an affirmative vote of seventy-five percent (75%) of the

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Participants (exclusive of the Participant under consideration). This section shall not be subject to the weighted voting provision provided in Section D. Any liabilities associated with the Participant's departure from the Consortium under this provision shall be determined by the procedures set forth in Paragraph O of this Agreement.

**Q. REPRESENTATIONS AND WARRANTIES OF PARTICIPANTS.**

Each Participant by its approval of the terms and conditions of this Agreement hereby represents and warrants to each of the other Participants as follows:

1. The Participant understands and acknowledges that its participation in the Consortium under the terms and conditions of this Agreement is strictly voluntary and may be terminated as set forth herein, at the discretion of the Participant.

2. The Participant understands and acknowledges that the duly authorized decisions of the Board constitute the collective will of each of the Participants as to those matters within the scope of the Agreement.

3. The Participant understands and acknowledges that the decisions of the Board made in the best interests of the Consortium may on occasion temporarily disadvantage one or more of the individual Participants.

4. The Participant represents and warrants that its designated Director or authorized representative understands the terms and conditions of this Agreement and is suitably experienced to understand the principles upon which this Consortium operates.

5. The Participant understands and acknowledges that all Directors, or their authorized representatives, are responsible for attending all scheduled meetings. Provided that the quorum rules are satisfied, non-attendance at any scheduled meeting is deemed acquiescence by the absent Participant to any duly authorized Board-approved action at the meeting. However, a Participant that was absent from a meeting will not be presumed to have acquiesced in a particular action taken at the meeting if, within fifteen (15) calendar days after learning of such action, the Participant delivers written notice to the Chairperson that it dissents from such action. The Participant shall also notify the other members of the Board of such dissent. The Chairperson shall direct the Secretary to file the notice with the minutes of the Board.

6. The Participant understands and acknowledges that, absent bad faith or fraud, any Participant's vote approving any Board action renders that Board action immune from later challenge by that Participant.

**R. RECORDS.**

The Board shall have the custody of all records and documents, including financial records, associated with the operation of the Consortium. Each Participant may request records and documents relative to their participation in the Consortium by providing a written request to the Chairperson and Chief Fiscal Officer. The Consortium shall respond to each request no later than thirty (30) days after its receipt thereof, and shall include all information which can be provided under applicable law.

**S. CHANGES TO AGREEMENT.**

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Any change or amendment to this Agreement shall require the unanimous approval of the Participants, as authorized by their respective legislative bodies.

### **T. CONFIDENTIALITY.**

Nothing contained in this Agreement shall be construed to waive any right that a covered person possesses under the Plan with respect to the confidentiality of medical records and that such rights will only be waived upon the written consent of such covered person.

### **U. ALTERNATIVE DISPUTE RESOLUTION ("ADR").**

1. General. The Participants acknowledge and agree that given their budgeting and fiscal constraints, it is imperative that any disputes arising out of the operation of the Consortium be limited and that any disputes which may arise be addressed as quickly as possible. Accordingly, the Participants agree that the procedures set forth in this Section U are intended to be the exclusive means through which disputes shall be resolved. The Participants also acknowledge and agree that by executing this Agreement each Participant is limiting its right to seek redress for certain types of disputes as hereinafter provided.

2. Disputes subject to ADR. Any dispute by any Participant arising out of or relating to a contention that:

- a. the Board, the Board's designated agents, or any Participant has failed to adhere to the terms and conditions of this Agreement;
- b. the Board, the Board's designated agents, or any Participant has acted in bad faith or fraudulently in undertaking any duty or action under the Agreement; or
- c. any other dispute otherwise arising out of or relating to the terms or conditions of this Agreement or requiring the interpretation of this Agreement shall be resolved exclusively through the ADR procedure set forth in paragraph (3) below.

3. ADR Procedure. Any dispute subject to ADR, as described in subparagraph (2), shall be resolved exclusively by the following procedure:

a. Board Consideration: Within ninety (90) days of the occurrence of any dispute, the objecting party (the "Claimant") shall submit a written notice of the dispute to the Chairperson specifying in detail the nature of the dispute, the parties claimed to have been involved, the specific conduct claimed, the basis under the Agreement for the Participant's objection, the specific injury or damages claimed to have been caused by the objectionable conduct to the extent then ascertainable, and the requested action or resolution of the dispute. A dispute shall be deemed to have occurred on the date the objecting party knew or reasonably should have known of the basis for the dispute.

(i) Within sixty (60) days of the submission of the written notice, the Executive Committee shall, as necessary, request further information from the Claimant, collect such other information from any other interested party or source, form a recommendation as to whether the Claimant has a valid objection or claim, and if so, recommend a fair resolution of said claim. During such period, each party shall provide the other with any reasonably requested information within such party's control. The Executive Committee shall present its recommendation

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to the Board in writing, including any underlying facts, conclusions or support upon which it is based, within such sixty (60) day period.

(ii) Within sixty (60) days of the submission of the Executive Committee's recommended resolution of the dispute, the Board shall convene in a special meeting to consider the dispute and the recommended resolution. The Claimant and the Executive Committee shall each be entitled to present any argument or material it deems pertinent to the matter before the Board. The Board shall hold discussion and/or debate as appropriate on the dispute and may question the Claimant and/or the Executive Committee on their respective submissions. Pursuant to its regular procedures, the Board shall vote on whether the Claimant has a valid claim, and if so, what the fair resolution should be. The weighted voting procedure set forth in Section D shall not apply to this provision. The Board's determination shall be deemed final subject to the Claimant's right to arbitrate as set forth below.

b. Arbitration. The Claimant may challenge any Board decision under subparagraph (U)(3)(a)(ii) by filing a demand for arbitration with the American Arbitration Association within thirty (30) days of the Board's vote (a "Demand"). In the event a Claimant shall fail to file a Demand within thirty (30) days, the Board's decision shall automatically be deemed final and conclusive. In the event the Participant files a timely Demand, the arbitrator or arbitration panel may consider the claim:

provided however;

(i) in no event may the arbitrator review any action taken by the Board that occurred three (3) or more years prior to when the Chairperson received notice of the claim; and

(ii) in no event may the arbitrator award damages for any period that precedes the date the Chairperson received notice of the claim by more than twenty-four (24) months.

c. The Participants agree that the procedure set forth in this Section U shall constitute their exclusive remedy for disputes within the scope of this Section.

### **V. MISCELLANEOUS PROVISIONS.**

1. This instrument constitutes the entire Agreement of the Participants with respect to the subject matter hereof, and contains the sole statement of the operating rules of the Consortium. This instrument supersedes any previous Agreement, whether oral or written.

2. Each Participant will perform all other acts and execute and deliver all other documents as may be necessary or appropriate to carry out the intended purposes of this Agreement.

3. If any article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent and the remainder of this

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Agreement shall be and remain in full force and effect and shall not be invalidated or rendered illegal or unenforceable or otherwise affected by such holding or adjudication.

4. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Any claims made under Section U(3)(b) except to the extent otherwise limited therein, shall be governed by New York substantive law.

5. All notices to any party hereunder shall be in writing, signed by the party giving it, shall be sufficiently given or served if sent by registered or certified mail, return receipt requested, hand delivery, or overnight courier service addressed to the parties at the address designated by each party in writing. Notice shall be deemed given when transmitted.

6. This Agreement may be executed in two or more counterparts each of which shall be deemed to be an original but all of which shall constitute the same Agreement and shall become binding upon the undersigned upon delivery to the Chairperson of an executed copy of this Agreement together with a certified copy of the resolution of the legislative body approving this Agreement and authorizing its execution.

7. The provisions of Section U shall survive termination of this Agreement, withdrawal or expulsion of a Participant, and/or dissolution of the Consortium.

8. Article and section headings in this Agreement are included for reference only and shall not constitute part of this Agreement.

**W. APPROVAL, RATIFICATION, AND EXECUTION.**

1. As a condition precedent to execution of this Municipal Cooperative Agreement and membership in the Consortium, each eligible municipal corporation desiring to be Participant shall obtain legislative approval of the terms and conditions of this Agreement by the municipality's governing body.

2. Prior to execution of this Agreement by a Participant, the Participant shall provide the Chairperson with the resolution approving the municipality's participation in this Consortium and expressly approving the terms and conditions of this Municipal Cooperative Agreement. Each presented resolution shall be attached to and considered a part of this Agreement.

3. By executing this Agreement, each signatory warrants that he/she has complied with the approval and ratification requirements herein and is otherwise properly authorized to bind the participating municipal corporation to the terms and conditions of this Agreement.<sup>4</sup>

**[Signature Pages Follow]<sup>4</sup>**

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**IN WITNESS WHEREOF**, the undersigned has caused this Agreement to be executed as of the day and year first above written.

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CITY OF ITHACA

By: \_\_\_\_\_  
Mayor

COUNTY OF TOMPKINS

By: \_\_\_\_\_  
Chair of the County Legislature

TOWN OF CAROLINE

By: \_\_\_\_\_  
Town Supervisor

TOWN OF DANBY

By: \_\_\_\_\_  
Town Supervisor

TOWN OF DRYDEN

By: \_\_\_\_\_  
Town Supervisor

TOWN OF ULYSSES

By: \_\_\_\_\_  
Town Supervisor

VILLAGE OF CAYUGA HEIGHTS

By: \_\_\_\_\_  
Mayor

VILLAGE OF DRYDEN

By: \_\_\_\_\_  
Mayor

TOWN OF ENFIELD

By: \_\_\_\_\_  
Town Supervisor

TOWN OF GROTON

By: \_\_\_\_\_  
Town Supervisor

TOWN OF ITHACA

By: \_\_\_\_\_  
Town Supervisor

TOWN OF LANSING

By: \_\_\_\_\_  
Town Supervisor

TOWN OF NEWFIELD

By: \_\_\_\_\_  
Town Supervisor

VILLAGE OF GROTON

By: \_\_\_\_\_  
Mayor

VILLAGE OF LANSING

By: \_\_\_\_\_  
Mayor

VILLAGE OF TRUMANSBURG

By: \_\_\_\_\_  
Mayor

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**Addendum “A”**

Example of Weighted Voting Formula under Section D(2)

If 10 Participants have 500 or fewer enrollees each and 2 Participants have more than 500 enrollees each, under subparagraph “a” the 10 each get 1 vote. Under subparagraph “b” the 2 large Participants get 5 votes each, which is calculated by taking the total number of votes under subparagraph “A” [10] and dividing by the number of eligible Participants under subsection “b” [2].