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**NEW HAMPSHIRE
Local Government Center**

New Hampshire Municipal Association
Workers' Compensation Trust
Property-Liability Trust
HealthTrust

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Local Government Center, Inc.

APPLICATION AND PARTICIPATION AGREEMENT

MB 11.6.08

This APPLICATION AND PARTICIPATION AGREEMENT (the "Agreement"), is made and entered into this **First Day of January, 2008** by and among the **Town of Belmont** (the "Applicant") and *Local Government Center HealthTrust, LLC* ("HealthTrust") and *Local Government Center Property-Liability Trust, LLC* ("PLT"), also doing business as the *Local Government Center Workers Compensation Trust*, each a New Hampshire limited liability company and each wholly-owned by *Local Government Center, Inc.*, a New Hampshire corporation ("Local Government Center").

Preamble

A. Certain municipalities and other public entities of the State of New Hampshire, acting through the Local Government Center and pursuant to NHRSA 5-B, have created two pooled risk management programs as follows:

- (i) A pool for the management and provision of health and similar welfare benefits to their Employees, which pooled risk management program is known as HealthTrust; and
- (ii) A pool for the management and provision of: (a) protection against their property and liability risks, known as the Property-Liability Trust; and (b) workers compensation and unemployment benefits to their Employees, known as Workers' Compensation Trust ("WCT").

For purposes of this Agreement, HealthTrust, Property-Liability Trust and Workers' Compensation Trust are sometimes collectively referred to as the "Trusts."

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B. The Applicant is eligible and wishes to become a Participant of, or continue its participation in, one or more of HealthTrust, Property-Liability Trust and Workers Compensation Trust and therefore completes, executes and delivers this Application and Participation Agreement.

Participation Agreement

NOW THEREFORE, for valuable consideration received, the Applicant and HealthTrust and PLT (as operator of both Property-Liability Trust and Workers' Compensation Trust") mutually agree as follows:

1. Choice of Trusts for Participation. The Applicant applies for participation (including continued participation if applicable) in the following pooled risk management programs in accordance with their respective terms:

[CIRCLE THE APPROPRIATE ANSWER IN EACH ITEM BELOW (Note: Participation will be considered only for those Trusts in which YES is circled)]

YES / NO HealthTrust, for the provision of health and other benefits as may be selected for its employees.

YES / NO PLT, for the provision of protection against its property and liability risks.

YES / NO PLT, d/b/a WCT, for the provision of workers compensation for its employees.

YES / NO PLT, d/b/a WCT, for the provision of unemployment benefits for its employees.

2. Acceptance of Application; Continued Participation. The Applicant understands and agrees that its participation (or continued participation) in one or more of the Trusts is contingent upon acceptance of this Application and Participation Agreement by each of the applicable Trusts in accordance with its underwriting standards, such acceptance to be evidenced by each applicable Trust's execution of this Agreement by a duly-authorized officer. Acceptance by PLT also may require the approval of all entities providing a contract of reinsurance, excess insurance or similar additional coverage. Continued participation following acceptance is subject to all of the terms of the member agreement of the applicable Trust(s) and participation in any required programs thereof.

3. Local Government Center Bylaws; New Hampshire Municipal Association, LLC Membership. The Applicant, during any period of participation in one or more of the Trusts, also agrees to be bound by the provisions of Local Government Center's Bylaws and any and all amendments thereto which are or may be duly adopted by Local Government Center from time to time (the "Bylaws") including, without limitation, to pay all contributions within the scope and authorized by the terms of the Bylaws and to maintain the appropriate membership in New Hampshire Municipal Association, LLC. Furthermore, the Applicant hereby acknowledges that it

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has received a copy of the Bylaws and specifically acknowledges the terms of section 3.7 thereof.

4. Effective Date. The Applicant's period of participation under this Agreement will begin on **January 1, 2008** and end pursuant to the terms of the Bylaws. Upon renewal or initial acceptance as a Participant, the Applicant will be entitled to participate in those benefit programs offered by the applicable Trusts for which the Applicant satisfies the applicable minimum participation requirements and other standards established by such Trusts for participation in such program(s). The applicable minimum participation requirements shall include, without limitation, the requirement of HealthTrust that seventy-five percent (75%) of eligible Employees of the Applicant (excluding Employees of the Applicant covered under another employer's group health plan) must be enrolled in the group health plan(s) offered by the Applicant through HealthTrust.

5. Particular Provisions Applicable to HealthTrust Participation. The following provisions apply to each Application for participation in HealthTrust:

(a) The Applicant acknowledges that, with respect to the group health plan(s) offered to its Employees through HealthTrust, the Applicant is responsible for complying with (i) the continuation of coverage provisions set forth in Sections 2201 through 2208 of the Public Health Service Act ("COBRA"), (ii) the health insurance portability and availability provisions set forth in Title XXVII (Sections 2701 through 2792) of the Public Health Service Act ("HIPAA Portability") and (iii) the retiree medical coverage provisions set forth in New Hampshire RSA 100-A:50. To assist the Applicant in satisfying certain of its COBRA, HIPAA Portability and NHRSA 100-A:50 obligations, HealthTrust shall provide the following administrative services on behalf of the Applicant with respect to Employees of the Applicant who are covered under the health benefit programs offered by the Applicant through HealthTrust.

(i) With respect to COBRA, HealthTrust shall provide the base COBRA administrative services specified on Schedule A attached hereto on the terms and conditions specified on Schedule A. In addition, if elected by the Applicant on Schedule A, HealthTrust also shall provide the additional COBRA billing administrative services specified on Schedule A. The Applicant may change its decision to elect or decline the COBRA billing services during the term of this Agreement by completing and signing a new Schedule A without the need to otherwise amend this Agreement.

(ii) With respect to HIPAA Portability, HealthTrust shall, but only with respect to the affected Employee's coverage under the health benefit programs offered through HealthTrust, provide a certificate of creditable coverage ("HIPAA Certificate") for any Employee who loses coverage under the Applicant's group health plan upon a HIPAA Portability qualifying event or upon request. In no event shall HealthTrust be responsible for providing a HIPAA Certificate with respect to a coverage option provided to the Applicant's Employees other than by or through HealthTrust. Further, HealthTrust shall not issue a HIPAA Certificate with

respect to an Employee whose coverage under the benefit programs offered by HealthTrust ceases, but the Employee's coverage continues under the Applicant's group health plan(s). In such latter event, however, HealthTrust shall provide adequate information to the Applicant (or to another party designated by the Applicant) that is reasonably available to HealthTrust to assist in the issuance of a HIPAA Certificate by the Applicant (or such other designated party) upon cessation of the Employee's coverage under the Applicant's group health plan.

(iii) With respect NHRSA 100-A:50, if elected by the Applicant on Schedule B attached hereto, HealthTrust shall provide the retiree billing administrative services specified on Schedule B on the terms and conditions specified thereon. The Applicant may change its decision to elect or decline the retiree billing services during the term of this Agreement by completing and signing a new Schedule B without the need to otherwise amend this Agreement.

(b) HealthTrust shall provide the additional services described in subparagraphs (i) through (iii) above in accordance with the terms of this paragraph (5), the attached Schedules A and B (as applicable), and policies and procedures established by HealthTrust. Notwithstanding any provision to the contrary herein, HealthTrust's agreement to provide additional services in connection with the Applicant's COBRA, HIPAA Portability and NHRSA 100-A:50 obligations as set forth in this Paragraph (5) shall automatically cease upon termination of the Applicant's participation in HealthTrust and HealthTrust shall provide no further services pursuant hereto.

(c) The Applicant agrees to provide HealthTrust with any and all information HealthTrust deems necessary or desirable with regard to HealthTrust's performance of the additional services set forth in this Paragraph (5), including, without limitation, timely notice of any Employee who loses coverage under the health benefit programs offered by the Applicant through HealthTrust.

6. Authorization by Governing Body of Applicant. This Application and Participation Agreement shall be accompanied by a certificate of authorizing resolution (or a copy of the resolution) of the Governing Body of the Applicant in substantially the same form and content as contained in the attached Exhibit A, and indicating the Applicant has duly authorized its participation in one or more of the Trusts and their benefit programs selected by the Applicant in accordance with RSA 5-B and the execution and delivery of this Application and Participation Agreement by the individual signing, which authorization remains in full force and effect as of the date hereof. Any Application and Participation Agreement pertaining to unemployment benefits also must be accompanied by a signed Joint Authorization and Power of Attorney in the same form and content as contained in the attached Exhibit B.

7. Interpretation. This Application and Participation Agreement is governed by New Hampshire law and may only be modified by a written amendment signed by all applicable parties.

KJB
~~YES/NO~~

Agreement [OPTIONAL]

Addendum 7: First Rate™ Package Pricing Agreement
[OPTIONAL]

[The signature page follows]

IN WITNESS WHEREOF, the Applicant and the Trusts in which the Application has applied to participate have caused this Application and Participation Agreement to be executed by their duly authorized officials as of the date first above written.

LOCAL GOVERNMENT CENTER
HEALTHTRUST, LLC.

APPLICANT: Town of Belmont

LOCAL GOVERNMENT CENTER
PROPERTY-LIABILITY TRUST, LLC

LOCAL GOVERNMENT CENTER
PROPERTY-LIABILITY TRUST, LLC d/b/a
LOCAL GOVERNMENT CENTER
WORKERS' COMPENSATION TRUST

By:


John B. Andrews
Executive Director

Signed: Kyran Beaudin
Name: K. Beance Beaudin
Title: Town Administrator
Duly Authorized

ADDENDUM 1

SCHEDULE A

COBRA ADMINISTRATIVE SERVICES

Subject to the terms and conditions specified herein and in Paragraph (4) of the Application and Participation Agreement, the Applicant and HealthTrust hereby agree that HealthTrust shall provide the COBRA administrative services described in Sections 1 and 2 below on behalf of the Applicant with respect to Employees of the Applicant who are covered under the health benefit programs offered by the Applicant through HealthTrust:

1. Base COBRA Administrative Services. HealthTrust shall provide the following base COBRA administrative services ("Base COBRA Services"):

- a. Delivery of an initial notice of COBRA continuation coverage rights to each employee (and spouse thereof) of the Applicant who become covered under the Applicant's health and/or dental plan(s) offered through HealthTrust upon their enrollment by the Applicant.
- b. Upon notification of HealthTrust by the Applicant of a COBRA qualifying event, HealthTrust shall provide each qualified beneficiary eligible for COBRA coverage with timely notice of his/her right to elect COBRA continuation coverage and the terms, conditions and election procedures for COBRA coverage.
- c. Provision of information, forms and support to the Applicant's Benefits Administrator regarding administration of COBRA continuation coverage, including applicable notice, eligibility, enrollment and payment rules.
- d. Upon notification of HealthTrust by the Applicant of a COBRA cancellation, HealthTrust shall notify the affected COBRA beneficiaries of (i) the termination of their COBRA continuation coverage due either to the expiration of the maximum COBRA continuation period or to an event causing early termination of COBRA coverage, and (ii) any rights of the COBRA beneficiary to convert to an individual health benefits plan coverage.

No Additional Charge for Base COBRA Services. There will be no additional charge to the Applicant or its COBRA beneficiaries for the Base COBRA Services provided by HealthTrust under this Section 1.

2. COBRA Billing Services. HealthTrust makes available to its participating member groups on an elective basis the additional COBRA administrative services listed below related to direct billing of COBRA beneficiaries ("COBRA Billing Services"). **If the Applicant**

wishes to receive these COBRA Billing Services, the Applicant shall so elect by initialing here _____.

If elected, in addition to the Base COBRA Services, HealthTrust shall provide the following additional COBRA Billing Services:

- a. Direct billing of the Applicant's COBRA beneficiaries on a monthly basis of the applicable amounts due for their COBRA continuation coverage.
- b. Collection of amounts billed and due from COBRA beneficiaries in accordance with applicable COBRA rules.
- c. Direct enrollment of eligible qualified beneficiaries who elect COBRA continuation coverage, and ongoing maintenance of such beneficiary's enrollment and membership changes until cancellation/termination of COBRA coverage.
- d. Provision of monthly reports to the Applicant listing COBRA beneficiaries who have been billed by HealthTrust, along with their medical and/or dental plan(s), coverage type and COBRA contribution amounts.
- e. Notification of COBRA beneficiaries at annual open enrollment of contribution rate change information.

The Applicant understands and agrees that if COBRA Billing Services are elected, the billing services shall be performed by HealthTrust for all of the Applicant's COBRA beneficiaries who are covered through HealthTrust.

Charges for COBRA Billing Services. The Applicant understands and agrees that HealthTrust will bill the COBRA beneficiary directly for his or her COBRA continuation coverage as follows:

- The applicable monthly contribution amount due for the COBRA continuation coverage selected by the COBRA beneficiary; and
- An administrative fee computed as 2% of the applicable monthly contribution amount as allowed by federal law.

The Applicant agrees that HealthTrust will retain the 2% administrative fee as its compensation for the COBRA Billing Services rendered by HealthTrust. There will be no other separate charge to the Applicant or its COBRA beneficiaries for the additional COBRA Billing Services provided by HealthTrust under this Section 2.

3. **Applicant Responsibilities.** As a condition of HealthTrust performing the Base COBRA Services and COBRA Billing Services (if elected) specified in Sections 1 and 2 above, the Applicant agrees to perform the following responsibilities:

- a. Make available to COBRA beneficiaries the same health and dental plan coverage options through HealthTrust as are available to eligible active Employees of the Applicant.
- b. Upon the Applicant's initial participation in HealthTrust's health benefit programs, provide information to HealthTrust on the Applicant's then existing COBRA beneficiaries.
- c. Notify HealthTrust in a timely manner when Employees experience a COBRA qualifying event and provide HealthTrust with necessary forms and information in accordance with applicable COBRA administrative policies and procedures established by HealthTrust.
- d. Perform all COBRA compliance and administrative obligations of the Applicant with respect to its Employees other than those COBRA services provided by HealthTrust hereunder.
- e. Provide HealthTrust with at least 30 days advanced written notice of the Applicant's ceasing to participate in the health benefit programs offered through HealthTrust and, in such event, to carry out the transition of Applicant's covered COBRA beneficiaries and Employees out of their coverage through HealthTrust.
- f. Provide HealthTrust with at least 60 days advanced written notice of the Applicant's decision to elect to receive the COBRA Billing Services made available by HealthTrust and, in such event, assist with the transition of such COBRA Billing Services to HealthTrust.
- g. Provide HealthTrust with any and all other information HealthTrust reasonably deems necessary or desirable with regard to HealthTrust's performance of the Base COBRA Services and COBRA Billing Services (if elected) on behalf of the Applicant.

HealthTrust shall be entitled to rely on any information provided by the Applicant pursuant hereto as accurate, valid and complete, and shall not be responsible for errors, delays or additional costs resulting from the receipt of inaccurate, invalid, incomplete or untimely information. HealthTrust reserves the right to request additional information from the Applicant at any time in order to satisfy HealthTrust's COBRA administrative service obligations. The Applicant agrees to provide any and all information to HealthTrust on a timely basis.

4. **Amendments to Services and Responsibilities.** HealthTrust and the Applicant acknowledge and agree that the COBRA services and responsibilities herein are intended to assist the Applicant in satisfying its obligations under federal COBRA law. HealthTrust agrees to perform its COBRA administrative services in accordance with a reasonable good faith interpretation of the applicable requirements of COBRA. HealthTrust reserves the right to amend its COBRA administrative procedures and policies and the services and responsibilities provided herein as it deems necessary or appropriate to comply with changes in the applicable requirements of COBRA impacting the Applicant's plan(s). HealthTrust will notify the Applicant of any changes that will materially affect either HealthTrust's services or the Applicant's responsibilities.

5. **Other Terms and Conditions.** HealthTrust and the Applicant further acknowledge and agree that:

- a. The COBRA administrative services performed by HealthTrust hereunder will be performed only with respect to Employees of the Applicant who are covered under the health benefit programs offered by the Applicant through HealthTrust. In no event shall HealthTrust be responsible for providing any COBRA administrative services with respect to Employees of the Applicant who are covered under a health plan coverage option offered by the Applicant through another insurer or provider.
- b. The performance of COBRA administrative services by HealthTrust on behalf of the Applicant does not and is not intended to make HealthTrust the plan sponsor, plan administrator or other fiduciary of the Applicant's group health benefit plans under any applicable law, regulation or other doctrine, and the Applicant will not identify or refer to HealthTrust as such.
- c. HealthTrust shall not have any obligation or liability with respect to any COBRA administrative services described herein before the effective date of the Agreement or this Schedule A, or with respect to any COBRA compliance obligations of the Applicant other than HealthTrust's administrative service obligations hereunder.
- d. All confidential information disclosed by the parties pursuant to this Agreement will remain the exclusive and confidential property of the disclosing party. The receiving party will not disclose the confidential information of the disclosing party and will use at least the same degree of care in protecting the confidential information of the other party as it uses with respect to its own confidential information. The receiving party will limit access to confidential information to its employees and advisors with a need to know and will instruct such employees and advisors to keep such information confidential. Notwithstanding the foregoing, the receiving party may disclose confidential information to the extent necessary to

comply with any law, ruling, regulation or rule applicable to it or to the extent necessary to enforce its rights hereunder. HealthTrust also may disclose confidential information of the Applicant to the extent that disclosure of such information is required to perform its COBRA administrative service obligations hereunder.

For purposes of this subsection (d), "confidential information" shall mean all information of a confidential or proprietary nature provided by the disclosing party to the receiving party for use in connection with the service obligations and responsibilities hereunder, but does not include (i) information that is already known by the receiving party without obligation of confidentiality; (ii) information that becomes generally available to the public other than as result of disclosure by the receiving party in violation of this Agreement; and (iii) information that becomes known to the receiving party from a source other than the disclosing party on a non-confidential basis.

6. Term and Termination.

- a. Base COBRA Services shall be provided by HealthTrust throughout the Applicant's participation in HealthTrust.
- b. If elected by the Applicant, the COBRA Billing Services provided by HealthTrust hereunder shall commence on the effective date specified in the next page and shall continue during the Applicant's participation in HealthTrust or until earlier terminated by either party with 30 days prior written notice to the other party.
- c. Notwithstanding anything contained herein, if the Applicant defaults in the performance of its responsibilities hereunder, HealthTrust may, upon written notice to the Applicant, terminate its agreement to provide COBRA administrative services hereunder.
- d. **Notwithstanding any other provision of the Agreement or this Schedule A, HealthTrust's agreement and obligation to provide COBRA administrative services on behalf of the Applicant as set forth herein shall automatically cease upon termination of the Applicant's (or subunit of the Applicant's) participation in HealthTrust, and HealthTrust shall not provide and shall not be obligated to provide any further services pursuant hereto other than transition of COBRA administration to the Applicant or a successor COBRA administrator.**

Election of COBRA Billing Services (Section 2)

_____ The Applicant hereby elects to receive the COBRA Billing Services described in Section 2 of this Schedule A effective _____ 1, 200__.* The Applicant understands and agrees that performance of the COBRA Billing Services by HealthTrust beginning on the effective date is contingent upon acceptance of this Schedule A by HealthTrust, such acceptance to be evidenced by HealthTrust's execution of the Application and Participation Agreement.

If the Applicant has existing COBRA beneficiaries who are covered (or to be covered) through HealthTrust, the Applicant _____ does _____ does not intend to transfer billing responsibilities for those beneficiaries to HealthTrust as of the effective date of HealthTrust's COBRA Billing Services. The Applicant understands and agrees that HealthTrust will be charging COBRA beneficiaries an administrative fee of 2% of the applicable monthly contribution amount as allowed by federal law.

* The effective date may be no earlier than the effective date of the Application and Participation Agreement and must provide HealthTrust at least 60 days advance notice to implement the COBRA billing services (except when the Applicant is renewing ongoing COBRA billing services).

ADDENDUM 2

SCHEDULE B

RETIREE BILLING ADMINISTRATIVE SERVICES

HealthTrust makes available to its participating member groups on an elective basis the retiree billing administrative services listed in Section 1 below related to direct billing of Retirees who are receiving health plan coverage through HealthTrust ("Retiree Billing Services"). If the Applicant wishes to receive these Retiree Billing Services, the Applicant shall so elect by initialing here _____ and completing and signing the "Election of Retiree Billing Services" section on the last page of this Schedule B. The effective date of the Retiree Billing Services shall be the date specified on the last page of this Addendum.

As used herein, "Retiree" means a person who is retired from active employment with the Applicant and who the Applicant has determined is eligible to continue health plan coverage with the Applicant pursuant to NH RSA 100-A:50 and/or the applicable rules of the Applicant and HealthTrust governing eligibility for Retiree coverage.

1. **Retiree Billing Services.** If elected by the Applicant and subject to the terms and conditions specified in this Schedule B and in Paragraph (4) of the Application and Participation Agreement, HealthTrust shall provide Retiree Billing Services on behalf of the Applicant with respect to Retirees who are covered under the health benefit programs offered by the Applicant through HealthTrust.

The Retiree Billing Services provided by HealthTrust shall include:

- a. Direct billing of the Applicant's covered Retirees on a monthly basis of the applicable contribution amounts due from the Retirees for their coverage through HealthTrust.
- b. Billing of the Applicant on a monthly basis of any contribution amounts due from the Applicant for coverage of its Retirees, including any contribution amounts due in excess of amounts received from the Retirees and the New Hampshire Retirement System ("NHRS").
- c. Collection of contribution amounts billed and due from Retirees and/or the Applicant.
- d. Collection and processing of NHRS subsidy and annuity deduction amounts for subsidy eligible Retirees and Retirees who have elected payment of contributions by annuity deduction.

- e. Provision of monthly reports to the Applicant listing each Retiree who has been billed by HealthTrust, along with their medical and/or dental plan(s) and coverage type. A listing of the applicable coverage contribution amounts for the Applicant, the Retiree and NHRS also will be provided for each billing period.
- f. Notification of Retirees at annual open enrollment of contribution rate change information.
- g. Notification of the Applicant regarding a Retiree's failure to pay billed contribution amounts prior to cancellation of the Retiree's coverage for nonpayment. Notice of a pending cancellation shall be provided to the Applicant no later than when the Retiree has had an outstanding balance due for 60 days.

The Applicant understands and agrees that if Retiree Billing Services are elected, the Billing Services shall be performed by HealthTrust for all of the Applicant's Retirees who are covered through HealthTrust.

No additional charge for Retiree Billing Services. There will be no additional charge to the Applicant or its Retirees for the Retiree Billing Services provided by HealthTrust under this Schedule.

2. Applicant Responsibilities. As a condition of HealthTrust performing the Retiree Billing Services (if elected) specified in Section 1 above, the Applicant agrees to perform the following responsibilities:

- a. Upon first electing to receive Retiree Billing Services and whenever contribution rate changes occur, the Applicant shall complete and provide to HealthTrust a Retiree Contribution Allocation Table in the form provided by HealthTrust to the Applicant for such purpose or by another mutually agreed upon format.
- b. Pay the Applicant's portion of coverage contribution amounts on a monthly basis exactly as billed by HealthTrust. Any pending adjustments at the time of payment will be reflected on future bills.
- c. Retain ultimate responsibility for payment to HealthTrust of its Retirees' coverage contribution amounts to the extent not otherwise paid by the Retirees or NHRS.
- d. Enrollment of eligible Retirees who elect coverage through HealthTrust, and ongoing maintenance of such Retiree's enrollment and membership changes until cancellation/termination of the Retiree's coverage.

- c. Perform all applicable Retiree coverage obligations of the Applicant in accordance with NH RSA 100-A:50 and/or the rules of HealthTrust and the Applicant governing coverage for Retirees other than the Retiree Billing Services provided by HealthTrust hereunder.
- f. Provide HealthTrust with at least 30 days advanced written notice of the Applicant's ceasing to participate in the health benefit programs offered through HealthTrust and, in such event, to carry out the transition of Applicant's covered Retirees out of their coverage through HealthTrust.
- g. Provide HealthTrust with at least 60 days advanced written notice of the Applicant's decision to elect to receive Retiree Billing Services from HealthTrust and, in such event, assist with the transition of such Retiree Billing Services to HealthTrust.
- h. Provide HealthTrust with any and all other information HealthTrust reasonably deems necessary or desirable with regard to HealthTrust's performance of Retiree Billing Services on behalf of the Applicant.

HealthTrust shall be entitled to rely on any information provided by the Applicant pursuant hereto as accurate, valid and complete, and shall not be responsible for errors, delays or additional costs resulting from the receipt of inaccurate, invalid, incomplete or untimely information. HealthTrust reserves the right to request additional information from the Applicant at any time in order to satisfy HealthTrust's Retiree Billing Service obligations. The Applicant agrees to provide any and all information to HealthTrust on a timely basis.

3. Amendments to Services and Responsibilities. HealthTrust and the Applicant acknowledge and agree that the Retiree Billing Services and related responsibilities herein are intended to assist the Applicant in satisfying its obligations under NHRSA 100-A:50. HealthTrust agrees to perform its Retiree Billing Services in accordance with a reasonable good faith interpretation of NHRSA 100-A:50 and HealthTrust's rules governing coverage of Retirees. HealthTrust reserves the right to amend its rules governing Retiree coverages and the services and responsibilities provided herein as it deems necessary or appropriate to comply with changes to NHRSA 100-A:50 or other applicable laws or regulations impacting the Applicant's coverage obligations for Retirees. HealthTrust will notify the Applicant of any changes that will materially affect either HealthTrust's services or the Applicant's responsibilities.

4. Other Terms and Conditions. HealthTrust and the Applicant further acknowledge and agree that:

- a. Retiree Billing Services will be performed by HealthTrust only with respect to Retirees of the Applicant who are covered under the health benefit programs offered by the Applicant through HealthTrust. In no event shall HealthTrust be responsible for providing any Retiree Billing Services with respect to Retirees of the Applicant who are covered under a

health plan coverage option offered by the Applicant through another insurer or provider.

- b. Retirees who have their coverage cancelled for nonpayment of required contribution amounts will not be eligible for reinstatement to the Applicant's retiree coverage plan(s) through HealthTrust.
- c. The performance of Retiree Billing Services by HealthTrust on behalf of the Applicant does not and is not intended to make HealthTrust the plan sponsor, plan administrator or other fiduciary of the Applicant's group health plans for Retirees under any applicable law, regulation or other doctrine, and the Applicant will not identify or refer to HealthTrust as such.
- d. HealthTrust shall not have any obligation or liability with respect to any Retiree Billing Services before the effective date of the Agreement or this Schedule B, or with respect to any Retiree coverage compliance obligations of the Applicant other than HealthTrust's Retiree Billing Service obligations under Section 1.
- e. All confidential information disclosed by the parties pursuant to this Agreement will remain the exclusive and confidential property of the disclosing party. The receiving party will not disclose the confidential information of the disclosing party and will use at least the same degree of care in protecting the confidential information of the other party as it uses with respect to its own confidential information. The receiving party will limit access to confidential information to its employees and advisors with a need to know and will instruct such employees and advisors to keep such information confidential. Notwithstanding the foregoing, the receiving party may disclose confidential information to the extent necessary to comply with any law, ruling, regulation or rule applicable to it or to the extent necessary to enforce its rights hereunder. HealthTrust also may disclose confidential information of the Applicant to the extent that disclosure of such information is required to perform its Retiree Billing Service obligations.

For purposes of this subsection (e), "confidential information" shall mean all information of a confidential or proprietary nature provided by the disclosing party to the receiving party for use in connection with the service obligations and responsibilities set forth in this Schedule B, but does not include (i) information that is already known by the receiving party without obligation of confidentiality; (ii) information that becomes generally available to the public other than as result of disclosure by the receiving party in violation of this Agreement; and (iii) information that becomes known to the receiving party from a source other than the

disclosing party on a non-confidential basis.

5. Term and Termination.

- a. If elected by the Applicant, the Retiree Billing Services provided by HealthTrust under Section 1 shall commence on the effective date specified in the "Election of Retiree Billing Services" section below, and shall continue during the Applicant's participation in HealthTrust or until earlier terminated by either party with 30 days prior written notice to the other party.
- b. Notwithstanding anything contained herein, if the Applicant defaults in the performance of its responsibilities as set forth herein, HealthTrust may, upon written notice to the Applicant, terminate its agreement to provide Retiree Billing Services for the Applicant.
- c. Notwithstanding any other provision of the Agreement or this Schedule B, HealthTrust's agreement and obligation to provide Retiree Billing Services on behalf of the Applicant as set forth herein shall automatically cease upon termination of the Applicant's (or subunit of the Applicant's) participation in HealthTrust, and HealthTrust shall not provide and shall not be obligated to provide any further services pursuant hereto other than transition of Retiree billing administration to the Applicant or a successor administrator.

Election of Retiree Billing Services

_____ The Applicant hereby elects to receive the Retiree Billing Services described in Section 1 of this Schedule B effective _____ 1, 200__.* The Applicant understands and agrees that performance of the Retiree Billing Services by HealthTrust beginning on the effective date is contingent upon acceptance of this Schedule B by HealthTrust, such acceptance to be evidenced by HealthTrust's execution hereof.

** The effective date may be no earlier than the effective date of the Application and Participation Agreement and must provide HealthTrust at least 60 days advance notice to implement the Retiree billing services (except when the Applicant is renewing ongoing Retiree billing services).*

ADDENDUM 3

Local Government Center HealthTrust, LLC

**TERMS REGARDING COMBINATION OF ENTITIES FOR
RATING AND PARTICIPATION**

Recitals

1. HealthTrust, through Local Government Center and pursuant to NHRSA 5-B, provides group health and similar welfare benefits to New Hampshire municipalities, school districts and other public entities that are Participants in HealthTrust and offer such group health and welfare benefits to their Employees.

2. Each entity comprising the Combined Members (as identified in the request and acknowledgement described in Section 2.2 below) is a Member of Local Government Center and a Participant in HealthTrust. The Combined Members have requested that HealthTrust combine their Employees into a single group and utilize such Combined Members' claims experience, Employee enrollment data and other relevant data for rating purposes in HealthTrust. HealthTrust desires to fulfill the request of the Combined Members.

Agreement

Now, therefore, in consideration of the mutual covenants contained herein and other consideration, HealthTrust and the Combined Members agree as follows:

1. Rating Procedure.

- 1.1 Combined Rating of Members. Upon initial implementation of the combined rating under this Agreement, HealthTrust will combine the claims experience, enrollment data and other relevant data of the Combined Members and their Employees and will utilize its then standard rating formula and procedures in connection with the offering of the health benefits program of HealthTrust to the Combined Members and their Employees, to produce rates for the Combined Members.
- 1.2 Separate Members. For all other purposes, each entity comprising the Combined Members shall be a separate Member of Local Government Center and a separate Participant in HealthTrust, as those terms are defined in the Bylaws of Local Government Center (the "Bylaws").
- 1.3 Pool Year. For the purposes of this Agreement a "Pool Year" shall mean the twelve (12) consecutive months commencing on January 1 or July 1 of a calendar year.

2. Commencement of Agreement.

2.1 Effective Date of Combined Rating. The rates to be delivered by HealthTrust pursuant to this Agreement shall be effective as of the Pool Year beginning _____ and shall be renewed in accordance with HealthTrust procedures as of the beginning of each _____ thereafter for and during which the Agreement is effective.

2.2 Conditions Precedent to Effectiveness of Agreement. Notwithstanding the foregoing Section 2.1, this Agreement shall become effective only if the following items have been delivered to HealthTrust within the stated time periods:

- a. No later than one hundred and twenty (120) days prior to the effective date referred to in Section 2.1 of this Agreement, the Combined Members shall have delivered to HealthTrust a written request to enter into, and an agreement to be bound by, the combined rating arrangement provided for in this Agreement.
- b. Prior to the effective date referred to in Section 2.1 of this Agreement, the Combined Members shall have delivered to HealthTrust evidence of the approval of this Agreement in accordance with its terms by the governing bodies of each of the entities comprising the Combined Members, substantially in the form of attached Exhibit 1. Each of the Combined Members also must have signed and delivered an Application and Participation Agreement.

For the purposes of this Section 2 and this Agreement, governing bodies shall have the same meaning as set forth in NHRSA 21:48. The approval of the governing bodies referred to and required by this Section shall be in writing and shall be in form and content satisfactory to HealthTrust. It is agreed that a certificate of resolution of the appropriate officer of each respective governing body shall be an acceptable form to HealthTrust for the purposes of this Section and this Agreement.

3. Term.

3.1 Minimum Term of Combination. The Combined Members agree that as long as the Combined Members continue participation in HealthTrust pursuant to this Agreement or otherwise, they must remain so combined for a minimum of two full, consecutive Pool Years (the "Minimum Term of Combination"). Thereafter, the Combined Members may continue participation in HealthTrust without such combination for rating purposes.

3.2 Termination. The Combined Members agree that in addition to the Minimum Term of Combination they shall continue their participation in HealthTrust as a combination until at least the end of each Pool Year with respect to which the

Combined Members, in accordance with HealthTrust procedures, accept renewal rates. A termination of the combination of the Combined Members as and for the purposes set forth herein, shall be effected by a written notice of such termination of combination given to HealthTrust by each Combined Member that no longer intends to be part of the combination. Unless waived by HealthTrust in its sole, absolute discretion, such notice must be received by HealthTrust from the terminating Combined Member(s) at least twelve (12) months prior to the first day of the Pool Year for which the termination is to be effective. Any such termination of combination shall be effective as of the next ensuing Pool Year after receipt of such timely written notice by HealthTrust.

If a combination of the Combined Members pursuant to this Agreement is terminated before the end of the Minimum Term of Combination then each of the Combined Members delivering such written notice of termination of combination to HealthTrust will be prohibited from again combining with the same entities comprising the Combined Members or any other entities for two (2) full, consecutive Pool Years beginning with the next ensuing Pool Year in which such Member participates in HealthTrust.

If, upon the effective date of the termination of such combination by any Member or number of Members, there remains two (2) or more Members that comprise the Combined Members that have not delivered notices of termination to HealthTrust, then such non-terminating Members shall continue as new Combined Members under this Agreement as if such continuing Combined Members were the only Members that are parties hereto.

Upon termination of a combination under this Agreement, the terminating Combined Member(s) may continue their participation in HealthTrust but shall be rated in accordance with the then normal procedures of HealthTrust.

4. Representations and Warranties. Each entity comprising the Combined Members represents and warrants to HealthTrust that each, respectively, and in combination, have the authority to enter, execute, deliver and perform this Agreement.
5. Not an Agreement for Coverage. HealthTrust and the Combined Members acknowledge that this Agreement is not and shall not be construed to be an agreement for continued participation in HealthTrust with regard to the provision of group health benefits except as otherwise provided herein or in any other written agreement between HealthTrust and a Combined Member that is duly authorized and in full force and effect.
6. Agreement is Addendum to Participation Agreement. The Combined Members and HealthTrust agree and acknowledge that this Agreement is an addendum to the respective Application and Participation Agreement between HealthTrust and each of the Combined Members. If there is not at the commencement of this Agreement in existence an executed Application and Participation Agreement between HealthTrust and each of the Combined

Members, respectively, such Application and Participation Agreement(s) shall be executed and delivered contemporaneously with delivery of this Agreement to HealthTrust.

If any or all Members in such combination are requested by HealthTrust pursuant to its Rules and practices and procedures to execute and deliver a new Application and Participation Agreement during the Term of this Agreement, then this Agreement shall serve as and be an addendum to such new Application and Participation Agreement.

7. Other Requirements for Participation. Notwithstanding any other provision of this Agreement, the Combined Members shall be required to meet all of the requirements of HealthTrust for participation and continued participation in HealthTrust that are not directly in contravention of the contents of this Agreement, including, without limitation, those requirements and conditions contained in the Bylaws and Rules of Local Government Center, as they may be amended from time to time.
8. Defined Terms. Unless otherwise specifically indicated in this Agreement, all capitalized terms utilized herein shall have the same meaning as set forth in the Bylaws.

Exhibit 1

Local Government Center HealthTrust, LLC

COMBINATION OF MEMBERS FOR RATING PURPOSES

CERTIFICATE OF AUTHORIZING RESOLUTION

I hereby certify to Local Government Center HealthTrust, LLC ("HealthTrust") that the following is a true copy of a resolution adopted by the governing body of the _____ at a meeting duly held on _____ [Date].

RESOLVED: That the _____ shall participate in the combined rating arrangement offered by HealthTrust in connection with the _____ participation in the health benefits program offered by HealthTrust. Further, that the "Terms Regarding Combination of Entities for Rating and Participation" accepted by the _____, HealthTrust, and the other combining HealthTrust member(s) (the "Agreement") is hereby approved in the form presented to this meeting and that _____ [Name/Title] is/are hereby authorized and directed to execute and deliver to HealthTrust (i) an acknowledgement of the terms and (ii) a certificate of this resolution.

I further certify that the foregoing resolution remains in full force and effect without modification.

DATE

NAME: _____

TITLE _____, duly authorized.

ADDENDUM 4

**PLT2011
MULTI YEAR RATE GUARANTEE PROGRAM**

Of The

**LOCAL GOVERNMENT CENTER
PROPERTY-LIABILITY TRUST, LLC**

This is a description of the Multi Year Rate Guarantee Program ("PLT2011") of *Local Government Center Property-Liability Trust, LLC* ("PLT") for the period beginning July 1 and ending June 30 ("FY") in each of the years 2009, 2010 and 2011. PLT operates a pooled-risk program for the management and provision of: (a) protection against property and liability risks of its members, known as the Property-Liability Trust; and (b) workers compensation and unemployment benefits to members' employees, known as the Workers' Compensation Trust. This agreement (the "Agreement") is the understanding between PLT and the Applicant on the foregoing Application and Participation Agreement (the "Member"), by which the Member enrolls and agrees to participate in PLT2011. This Agreement and PLT2011 pertain to the Property-Liability Trust (the "Trust"), and not to the Workers' Compensation Trust also operated by PLT.

1. Enrollment Eligibility before June 30, 2010: An existing Member of the Trust or any other public entity that is not, but is eligible to be, a Member of the Trust, may enroll in PLT2011, as long as the enrollment is accomplished no later than June 30, 2010.

2. Guaranteed Rate Increases: PLT will maintain the same percentage increase in standard rates for participants in the Trust who have elected PLT2011 as follows:

(a) *Existing Members Renewing Enrollment.* For existing Members of the Trust who enroll in PLT2011, PLT agrees that the percentage increase in standard rates for FY 2009 will be no greater than nine percent (9%) of the standard rates as established by PLT for the Member for FY 2008. Furthermore, PLT agrees that the percentage increase in standard rates for FY 2010 will be no greater than nine percent (9%) of the rates established by PLT for the Member for FY 2009, and that the percentage increase in standard rates for FY 2011 will be no greater than nine percent (9%) of the rates established by PLT for the Member for FY 2010. The rate increase guarantee will expire with respect to the FY 2012, which begins July 1, 2011.

(b) *New Members Enrolling for FY 2008.* For new Members who enroll in PLT2011 and the Trust effective as of July 1, 2007, PLT agrees that the standard rates for FY 2009 will be the same as the standard rates as established by PLT for the Member for FY 2008. Furthermore, PLT agrees that the percentage increase in standard rates for FY

2010 will be no greater than nine percent (9%) of the rates established by PLT for the Member for FY 2009, and that the percentage increase in standard rates for FY 2011 will be no greater than nine percent (9%) of the rates established by PLT for the Member for FY 2010. The rate increase guarantee will expire with respect to the FY 2012, which begins July 1, 2011.

This standard rate increase guarantee will be applicable no matter how much of an increase in standard rates is experienced by PLT from its reinsurers and no matter how much of an increase in standard rates, if any, is adopted by PLT for any reason.

The Program is not a guarantee of a freeze or cap on the total amount of contributions to be made to PLT by an enrolling Member. If the underwriting exposures of a Member remain the same from one fiscal year to another covered by this Agreement, then the actual amount of contribution to PLT for protection will increase no greater than nine percent (9%) (and for new Members, will remain the same with respect to FY 2009 only). If the underwriting exposures of a Member are reduced or increased during any fiscal year covered by this Agreement, then the amount of contributions will be commensurately adjusted. The rate increase guarantee (and freeze for new Members with respect to FY 2009) is applicable to all protections afforded by PLT under the Trust and required to be obtained by a Member, but is not applicable to protection afforded and provided by PLT at the option of the Member.

3. Protection Changes: The PLT Member Agreement (including PLT's Educators Comprehensive Member Agreement) (the "Member Agreement"), describes and details the protection provided to its Members. The bylaws of the Local Government Center, Inc. applicable to PLT allow and provide for modifications to the Member Agreement and protection under the Trust. The modifications are, generally, applied to all of the Members of PLT. PLT2011 is not intended to modify the need and ability of PLT to change the protection offered to its Members in accordance with the provisions and procedures of the bylaws. For purposes of clarification only, the bylaws provide that if PLT wishes to enhance protection, it can do so upon a vote of the Board of Directors, all of whom are public officials or employees. If PLT desires to modify protection in some area that could result in a reduction of protection, the bylaws provide that any vote of the Board of Directors would be preceded by notice to and hearing for the Members.

4. Membership Maintenance: As a participant in PLT2011, the Member agrees, as of the date of enrollment, to continue its membership in PLT for the period through June 30, 2011 for property, crime (including statutory bonds), casualty, reimbursement of medical expenses and related protection provided by PLT.

5. Enrollment: To complete enrollment in PLT2011, an existing Member must adopt a resolution of its governing body in substantially the same form and content as provided to the Member and attached to this description of PLT2011 as Exhibit 1. An entity wishing to become a Member must adopt a resolution of its governing body in substantially the same form and content as provided to the Member and attached to this description of PLT2011 as Exhibit 2. The Member must deliver a certified copy of the resolution to PLT and the Application and Participation Agreement (with the option for the PLT2011 Multi-Year Rate Guarantee Program

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selected) signed for the Member.

If a Member wishes to participate in PLT2011 but is unable to effect an adoption of the resolution by the Effective Date, it may provide to PLT a letter of intent to enter PLT2011, no later than the Effective Date, and it shall provide the appropriate resolution within 60 days after the Effective Date.

6. Agreement is Addendum to Participation Agreement. The Member and PLT agree and acknowledge that this Agreement is an addendum to the Application and Participation Agreement between the Member and PLT. If there are any inconsistencies between the two documents, this Agreement will govern unless the context indicates otherwise.

Exhibit 1 [Existing Members]

PLT2011
RESOLUTION for PARTICIPATION in the
MULTI YEAR RATE GUARANTEE PROGRAM

of the

LOCAL GOVERNMENT CENTER
PROPERTY-LIABILITY TRUST, LLC

RESOLVED: To hereby accept the offer of the Local Government Center Property-Liability Trust, LLC ("PLT") to enter into its Multi Year Rate Guarantee Program ("PLT2011") as of the date of the adoption of this resolution and to hereby enter and agree to maintain the membership and participation of the **Town of Belmont** in PLT through June 30, 2011 for property, crime (including statutory bonds), casualty, medical reimbursement and related risk protection of PLT. The protection provided by PLT in each of the fiscal years stated shall be as then set forth in the Member Agreement, or similar protection documentation of PLT in effect from time to time for PLT members. In return for such agreement for maintenance of membership, PLT shall provide to the Member:

- (i) With respect to the fiscal year beginning July 1 and ending June 30 ("FY") in each of the years 2009, 2010 and 2011, a guaranteed maximum annual increase in the standard rates of PLT for the Member of nine percent (9%) of the standard rates established by PLT for the Member for the prior FY, except for underwriting exposures added by the Member.

This Resolution is subject to appropriations with respect to the years FY 2009, FY 2010 and FY 2011 to allow the contributions to be made to PLT for property, crime (including statutory bonds), casualty, medical reimbursement and related risk protection provided by PLT.

I attest that the foregoing is a true copy of the Resolution of the Governing Board of the **Town of Belmont** adopted on 11.19.07 [Date].

Katherine Beaudin
Name: Katherine Beaudin
Title: Town Administrator duly authorized.
Date: 11/19/07

Exhibit 2 [New Members]

PLT2011
RESOLUTION for PARTICIPATION in the
MULTI YEAR RATE GUARANTEE PROGRAM
of the
LOCAL GOVERNMENT CENTER
PROPERTY-LIABILITY TRUST, LLC

RESOLVED: To hereby accept the offer of the Local Government Center Property-Liability Trust, LLC ("PLT") to enter into its Multi Year Rate Guarantee Program ("PLT2011") as of the date of the adoption of this resolution and to hereby enter and agree to maintain the membership and participation of _____ ("Member") in PLT through June 30, 2011 for property, crime (including statutory bonds), casualty, medical reimbursement and related risk protection of PLT. The protection provided by PLT in each of the fiscal years stated shall be as then set forth in the Member Agreement, or similar protection documentation of PLT in effect from time to time for PLT members. In return for such agreement for maintenance of membership, PLT shall provide to the Member:

- (i) no increase in the standard rates of PLT for the Member with respect to the fiscal year beginning July 1 and ending June 30 ("FY") 2009, except for underwriting exposures added by the Member; and
- (ii) with respect to each of FY 2010 and FY 2011, a guaranteed maximum annual increase in the standard rates of PLT for the Member of nine percent (9%) of the standard rates established by PLT for the Member for the prior fiscal year, except for underwriting exposures added by the Member.

This Resolution is subject to appropriations with respect to the years FY 2009, FY 2010 and FY 2011 to allow the contributions to be made to the PLT for property, crime (including statutory bonds), casualty, medical reimbursement and related risk protection provided by PLT.

I attest that the foregoing is a true copy of the Resolution of the Governing Board of _____ [Member] adopted on _____ [Date].

Name: _____
Title: _____, duly authorized.
Date: _____

ADDENDUM 5

**WCT2011
MULTI YEAR RATE GUARANTEE PROGRAM**

Of The

**LOCAL GOVERNMENT CENTER
PROPERTY-LIABILITY TRUST, LLC**

d/b/a

LOCAL GOVERNMENT CENTER WORKERS COMPENSATION TRUST

This is a description of the Multi Year Rate Guarantee Program ("WCT2011") of *Local Government Center Property-Liability Trust, LLC, d/b/a Local Government Center Workers' Compensation Trust* ("WCT") for the period beginning January 1 and ending December 31 ("CY") in each of the years 2008, 2009 and 2010. WCT operates a pooled-risk program for the management and provision of: (a) protection against property and liability risks of its members, known as the Property-Liability Trust; and (b) workers compensation and unemployment benefits to members' employees, known as the Workers' Compensation Trust. This agreement (the "Agreement") is the understanding between WCT and the Applicant on the foregoing Application and Participation Agreement (the "Member"), by which the Member enrolls and agrees to participate in the WCT2011. This Agreement and WCT2011 pertain to the Workers' Compensation Trust (the "Trust"), and not to the Property-Liability Trust also operated by WCT.

1. Enrollment Eligibility before January 1, 2010: An existing Member of the Trust or any other public entity that is not, but is eligible to be, a Member of the Trust, may enroll in WCT2011, as long as the enrollment is accomplished no later than January 1, 2010.

2. Guaranteed Rate Increases: WCT will maintain the same percentage increase in standard rates for participants in the Trust who have elected WCT2011 as follows:

(a) *Existing Members Renewing Enrollment*. For existing Members of the Trust who enroll in WCT2011, WCT agrees that the percentage increase in standard rates for CY 2008 will be no greater than nine percent (9%) of the standard rates as established by WCT for the Member for CY 2007. Furthermore, WCT agrees that the percentage increase in standard rates for FY 2009 will be no greater than nine percent (9%) of the rates established by WCT for the Member for FY 2008, and that the percentage increase in standard rates for FY 2010 will be no greater than nine percent (9%) of the rates established by WCT for the Member for FY 2009. The rate increase guarantee will expire with respect to the CY 2011, which begins January 1, 2011.

(b) *New Members Enrolling for CY 2008*. For new Members who enroll in WCT2011 and the Trust effective as of January 1, 2008, WCT agrees that the standard rates for CY 2009 will be no greater than nine percent (9%) of the rates established by

WCT for the Member for CY 2008, and that the percentage increase in standard rates for CY 2010 will be no greater than nine percent (9%) of the rates established by WCT for the Member for FY 2009. The rate increase guarantee will expire with respect to the CY 2011, which begins January 1, 2011.

This standard rate increase guarantee will be applicable no matter how much of an increase in standard rates is experienced by WCT from its reinsurers and no matter how much of an increase in standard rates, if any, is adopted by WCT for any reason.

The Program is not a guarantee of a freeze or cap on the total amount of contributions to be made to WCT by an enrolling Member. If the underwriting exposures of a Member remain the same from one calendar year to another covered by this Agreement, then the actual amount of contribution to WCT for protection will increase no greater than nine percent (9%). If the underwriting exposures of a Member are reduced or increased during any calendar year covered by this Agreement, then the amount of contributions will be commensurately adjusted. The rate increase guarantee is applicable to all protections afforded by WCT under the Trust and required to be obtained by a Member, but is not applicable to protection afforded and provided by WCT at the option of the Member.

3. Protection Changes: The WCT Member Agreement (the "Member Agreement"), describes and details the protection provided to its Members. The bylaws of the Local Government Center, Inc. applicable to WCT allow and provide for modifications to the Member Agreement and protection under the Trust. The modifications are, generally, applied to all of the Members of WCT. WCT2011 is not intended to modify the need and ability of WCT to change the protection offered to its Members in accordance with the provisions and procedures of the bylaws. For purposes of clarification only, the bylaws provide that if WCT wishes to enhance protection, it can do so upon a vote of the Board of Directors, all of whom are public officials or employees. If WCT desires to modify protection in some area that could result in a reduction of protection, the bylaws provide that any vote of the Board of Directors would be preceded by notice to and hearing for the Members.

4. Membership Maintenance: As a participant in WCT2011, the Member agrees, as of the date of enrollment, to continue its membership in WCT for the period through December 31, 2010 for workers compensation, unemployment benefits, if applicable and related protection provided by WCT.

5. Enrollment: To complete enrollment in WCT2011, an existing Member must adopt a resolution of its governing body in substantially the same form and content as provided to the Member and attached to this description of WCT2011 as Exhibit 1. An entity wishing to become a Member must adopt a resolution of its governing body in substantially the same form and content as provided to the Member and attached to this description of WCT2011 as Exhibit 2. The Member must deliver a certified copy of the resolution to WCT and the Application and Participation Agreement (with the option for the WCT2011 Multi-Year Rate Guarantee Program selected) signed for the Member.

If a Member wishes to participate in WCT2011 but is unable to effect an adoption of the resolution by the Effective Date, it may provide to WCT a letter of intent to enter WCT 2011, no later than the Effective Date, and it shall provide the appropriate resolution within 60 days after the Effective Date.

6. Agreement is Addendum to Participation Agreement. The Member and WCT agree and acknowledge that this Agreement is an addendum to the Application and Participation Agreement between the Member and WCT. If there are any inconsistencies between the two documents, this Agreement will govern unless the context indicates otherwise.

Exhibit 1 [Existing Members]

WCT2011
RESOLUTION for PARTICIPATION in the
MULTI YEAR RATE GUARANTEE PROGRAM
of the
LOCAL GOVERNMENT CENTER
PROPERTY-LIABILITY TRUST, LLC
d/b/a LOCAL GOVERNMENT CENTER WORKERS' COMPENSATION TRUST

RESOLVED: To hereby accept the offer of the Local Government Center Property-Liability Trust, LLC, d/b/a Local Government Center Workers' Compensation Trust ("WCT") to enter into its Multi Year Rate Guarantee Program ("WCT2011") as of the date of the adoption of this resolution and to hereby enter and agree to maintain the membership and participation of _____ ("Member") in WCT from January 1, 2008 through December 31, 2010 for workers compensation, unemployment benefits, if applicable and related risk protection of WCT. The protection provided by WCT in each of the calendar years stated shall be as then set forth in the Member Agreement, or similar protection documentation of WCT in effect from time to time for WCT members. In return for such agreement for maintenance of membership, WCT shall provide to the Member:

- (i) With respect to the calendar year beginning January 1 and ending December 31 ("CY") in each of the years 2008, 2009 and 2010, a guaranteed maximum annual increase in the standard rates of WCT for the Member of nine percent (9%) of the standard rates established by WCT for the Member for the prior CY, except for underwriting exposures added by the Member.

This Resolution is subject to appropriations with respect to the years CY 2008, CY 2009 and CY 2010 to allow the contributions to be made to the WCT for workers compensation, unemployment benefits, if applicable and related risk protection provided by WCT.

I attest that the foregoing is a true copy of the Resolution of the Governing Board of _____ [Member] adopted on _____ [Date].

Name: _____
Title: _____, duly authorized.
Date: _____

Exhibit 2 [New Members]

WCT2011
RESOLUTION for PARTICIPATION in the
MULTI YEAR RATE GUARANTEE PROGRAM
of the
LOCAL GOVERNMENT CENTER PROPERTY-LIABILITY TRUST, LLC
d/b/a LOCAL GOVERNMENT CENTER WORKERS' COMPENSATION TRUST

RESOLVED: To hereby accept the offer of the Local Government Center Property-Liability Trust, LLC, d/b/a Local Government Center Workers' Compensation Trust ("WCT") to enter into its Multi Year Rate Guarantee Program ("WCT2011") as of the date of the adoption of this resolution and to hereby enter and agree to maintain the membership and participation of the **Town of Belmont** in WCT from January 1, 2008 through December 31, 2010 for workers compensation, unemployment benefits, if applicable and related risk protection of WCT. The protection provided by WCT in each of the calendar years stated shall be as then set forth in the Member Agreement, or similar protection documentation of WCT in effect from time to time for WCT members. In return for such agreement for maintenance of membership, the WCT shall provide to the Member:

- (i) With respect to the calendar year beginning January 1 and ending December 31 ("CY") in each of the years 2009 and 2010, a guaranteed maximum annual increase in the standard rates of WCT for the Member of nine percent (9%) of the standard rates established by WCT for the Member for the prior CY, except for underwriting exposures added by the Member.

This Resolution is subject to appropriations with respect to the years CY 2008, CY 2009 and CY 2010 to allow the contributions to be made to WCT for workers compensation, unemployment benefits and related risk protection provided by WCT.

I attest that the foregoing is a true copy of the Resolution of the Governing Board of the **Town of Belmont** adopted on 11/19/07 [Date].

K Jeanne Braudin
Name: K Jeanne Braudin
Title: Town Administrator, duly authorized.
Date: 11/19/07

ADDENDUM 6

**MUNICIPAL
TOTAL RISK MANAGEMENT (TRiM®) AGREEMENT
of the
LOCAL GOVERNMENT CENTER**

This is a description of the Municipal Total Risk Management (TRiM®) of Local Government Center Property-Liability Trust, LLC, and Local Government Center Property-Liability Trust, LLC d/b/a Local Government Center Workers Compensation Trust (collectively "PLT"). PLT operates a pooled risk management program for the provision of: (a) protection against property and liability risks, known as Property-Liability Trust; and (b) workers compensation and unemployment benefits to Members' employees, known as Workers' Compensation Trust. The Property-Liability Trust and the Workers' Compensation Trust are referred to collectively herein as the "Trusts." This agreement (the "Agreement") is the understanding between PLT and the Applicant on the foregoing Application and Participation Agreement (the "Member"), by which the Member enrolls and agrees to participate in TRiM®.

1. Eligibility.

An existing Member of the Trusts or any other public entity that is not Member, but is eligible to be a Member of the Trusts, may enroll in TRiM® as described below if such Member or entity acquires all of its: (i) property and liability (including statutory bond) protection from PLT, (ii) workers' compensation protection from PLT, d/b/a WCT, and (iii) medical benefits protection for employees of the Member from Local Government Center HealthTrust, LLC ("HealthTrust").

2. Enrollment.

The Member hereby enrolls in TRiM® for the period from **January 1, 2008 through June 30, 2011.**

3. Core Requirements.

The Member will:

- (a) establish and actively maintain a joint loss management committee satisfying the requirements of RSA 281-A:64, regardless of whether it is otherwise applicable to the Member;
- (b) use LGC's "Employment Law Hotline" for toll-free legal advice on employment matters;
- (c) have its managers and supervisors to attend the Managers and Supervisors

Orientation Session within ninety (90) days of enrollment in TRiM®;

- (d) conduct a financial liability assessment or have a current audit on file with PLT;
- (e) participate in the Risk Management Programs based on correlated losses;
- (f) update or develop a Light Duty Policy; and
- (g) meet with representatives of the Local Government Center semi-annually to review losses and satisfaction of participation requirements.

4. Elective PLT Programs.

In addition to satisfying the Core Requirements described above, the Member will choose at least one additional PLT service or program annually from the following menu:

- (a) have at least one supervisor or manager participate in the Local Government Center Leadership Institute (presented jointly by the Local Government Center and Antioch New England Institute);
- (b) have at least one member of the governing body participate in the Selectperson Institute (presented by Antioch New England Institute);
- (c) have at least one elected official participate in a Local Officials Workshop (presented by the Local Government Center);
- (d) update or develop a Personnel Policy;
- (e) have employees, management or elected officials participate in training on high-risk/liability areas based on the Member's individual loss analysis; or
- (f) have appropriate employees participate in driving programs for police, fire, EMS and public works departments.

5. Elective WCT Programs.

In addition to satisfying the Core Requirements and at least one of the PLT Elective Programs described above, the Member will choose one additional WCT service or program annually from the following menu:

- (a) promote and achieve 75% employee participation in the *Slice of Life* Health Risk Appraisal Program;
- (b) host and promote the HealthTrust's *Slice of Life* "You Can Make A Difference" workshop (minimum 75% employee participation required);

- (c) update or develop a Personnel Policy;
- (d) update or develop a Return to Work Policy;
- (e) have at least one supervisor or manager participate in the Local Government Center Leadership Institute (presented jointly by the Local Government Center and Antioch New England Institute);
- (f) have appropriate employees participate in driving programs for Police, Fire, EMS and Public Works Departments; or
- (g) have employees, management or elected officials participate in training on high-risk/liability areas based on the Member's individual loss analysis.

6. **Right to Modify or Substitute Programs.** PLT reserves the right to modify, suspend, or replace any of the PLT or WCT programs described above, or to institute new programs in addition to the foregoing, at any time during the term of this Agreement. Similarly, HealthTrust reserves similar rights to modify, suspend, replace or add to any of its programs described above. PLT will provide the Member with advance notice of any modified, suspended, replacement or new program, as well as any modifications to the requirements described in Sections 3 through 5 above.

7. **Agreement is Addendum to Participation Agreement.** The Member and PLT agree and acknowledge that this Agreement is an addendum to the Application and Participation Agreement between the Member and PLT and HealthTrust. If there are any inconsistencies between the two documents, this Agreement will govern unless the context indicates otherwise.

ADDENDUM 7

**FIRST RATE™ PACKAGE PRICING AGREEMENT
of the
LOCAL GOVERNMENT CENTER, INC.**

This is a description of the First Rate™ LGC Package Pricing program of *Local Government Center Property-Liability Trust, LLC* ("PLT"), *PLT d/b/a Local Government Center Workers' Compensation Trust* ("WCT") and *Local Government Center HealthTrust, LLC* ("HealthTrust") (collectively, the "Trusts") effective as of the effective date in the foregoing Application and Participation Agreement unless otherwise agreed in writing by the parties (the "Effective Date"). This agreement (the "Agreement") is between the Trusts and the Applicant in the foregoing Application and Participation Agreement (the "Member"), and by which the Member enrolls and agrees to participate in First Rate™ LGC Package Pricing.

1. **Requirements.** An existing Member of the Trusts or any other public entity that is not a member, but is eligible to be a Member of the Trusts, may enroll in First Rate™ LGC Package Pricing as described herein, if such Member or entity acquires all of its: (i) property and liability (including statutory bond) protection from PLT, (ii) workers' compensation benefits protection for employees of the Member from PLT, d/b/a WCT, and (iii) medical benefits protection for employees of the Member from HealthTrust.

2. **Enrollment.** The Member hereby enrolls in First Rate™ LGC Package Pricing.

3. **First Rate™ Package Pricing Credits.**
 - 3.1 **Workers' Compensation Pricing Credits.** For enrolling in First Rate™ LGC Package Pricing, the Member will receive a credit against the price of the protection provided by WCT to the Member in the amount set forth in the written quotation for workers' compensation protection from WCT earlier delivered to the Member and captioned on such quotation as "Package Credit".

 - 3.2 **TRiM® Option.** If the Member enrolling in First Rate™ LGC Package Pricing also enrolls in the TRiM® Program, the Member will be entitled to a further credit against the price of the workers' compensation protection provided by WCT to the Member in the amount set forth on the quotation for workers' compensation protection for WCT accompanying this Agreement or earlier delivered to the Member and captioned on such quotation as "TRiM® Credit".

4. **Membership Maintenance.** The Member understands and agrees that First Rate™ LGC Package Pricing credits against workers' compensation protection is effective for the period beginning the Effective Date and ending June 30, 2011, subject to any underwriting or other adjustments in discounts for the period. The package and TRiM® credits require the Member to remain enrolled in each of the programs of the Trusts identified in Section 1 of this Agreement

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for the entire periods initially enrolled, which programs may have different effective and expiration dates. The pricing set forth above will terminate immediately upon cancellation by the Member of any of the Trusts' programs prior to their renewal date.

5. **Agreement is Addendum to Participation Agreement.** The Member and the Trusts agree and acknowledge that this Agreement is an addendum to the Application and Participation Agreement between the Member and the Trusts. If there are any inconsistencies between the two documents, this Agreement will govern unless the context indicates otherwise.

EXHIBITS

To

APPLICATION AND PARTICIPATION AGREEMENT

Exhibit A: *Form of Authorizing Resolution. [MANDATORY for ALL TRUSTS]*

Exhibit B: *Joint Authorization and Power of Attorney [MANDATORY when Unemployment benefits selected]*

EXHIBIT A

CERTIFICATE OF AUTHORIZING RESOLUTION

I hereby certify to each of *Local Government Center HealthTrust, LLC* ("HealthTrust"), *Local Government Center Property-Liability Trust, LLC* ("PLT"), and *PLT d/b/a Local Government Center Workers Compensation Trust ("WLT")*, as applicable (HealthTrust, PLT and WCT collectively are referred to as the "Trusts"), that the following is a true copy of a resolution adopted by the governing board of the **Town of Belmont** at a meeting duly held on 11/19/07 [Date]:

RESOLVED: That the **Town of Belmont** shall participate in the following self-funded, reinsurance pools operated by subsidiaries of Local Government Center, Inc.:

[CIRCLE THE APPROPRIATE ANSWER IN EACH ITEM BELOW:]

- YES / NO HealthTrust, for the provision of health and other benefits as may be selected for its employees.
- YES / NO PLT, for the provision of protection against its property and liability risks.
- YES / NO PLT, d/b/a WCT, for the provision of workers compensation for its employees.
- YES / NO PLT, d/b/a WCT, for the provision of unemployment benefits for its employees.

RESOLVED: That K. Jeanne Beaudin Town Administrator [Name/Title] is hereby authorized and directed to execute and deliver to the applicable Trusts on behalf of the **Town of Belmont** the "Application and Participation Agreement," including any applicable Schedules thereto, in substantially the form presented to this meeting, together with any related documentation necessary to effect and complete the Application and Participation for the above-authorized protection and benefits.

RESOLVED: That K Jeanne Baudin Town Administrator [Name/Title] is hereby authorized and directed to execute and deliver to the applicable Trusts a certificate of this resolution.

I further certify that the foregoing resolution remains in full force and effect without modification.

MEMBER: Town of Belmont

Date: 11/19/07

By: K Jeanne Baudin
Name: K Jeanne Baudin
Title: Town Administrator, duly authorized.

EXHIBIT B



New Hampshire Municipal Association
Workers' Compensation Trust
Property-Liability Trust
HealthTrust

**Local Government Center
Property-Liability Trust, LLC d/b/a
Local Government Center Workers Compensation Trust**

JOINT AUTHORIZATION AND POWER OF ATTORNEY

I _____ as duly authorized representative of _____, a participating member of the Local Government Center Property-Liability Trust, d/b/a Local Government Center Workers Compensation Trust, having a principal place of business at 25 Triangle Park Drive, Concord, New Hampshire 03302-0617, ("WCT") hereby authorize, make, constitute and appoint WCT, its agents and employees, the TRUE AND LAWFUL ATTORNEY IN FACT for the Member, and in its name, place and stead, with full power, to do on behalf of the Member any act or thing the Member may lawfully do in connection with the Members' rights, duties, obligations, liabilities or otherwise under, pursuant to or in any way related to New Hampshire RSA 282-A, ("Unemployment Compensation"), including, without limitation:

1. To receive from and transmit to the New Hampshire Department of Employment Security, including without limitation its Unemployment Compensation Bureau or its other bureaus (the "Department"), any and all correspondence, reports, information, confidential information, and communications, oral or written, including official notices of any kind (the "Reports");
2. To make, endorse, sign, or amend any and all Reports;
3. To reimburse or pay to the Department any and all liability for Unemployment Compensation benefits paid to employees of the Member;
4. To make or apply for any refunds that may be payable by the Department;

5. To pay or contest claims and to settle claims by compromise, arbitration or otherwise;
6. To bring, prosecute, defend or settle any action, suit or proceeding at law or in equity that WCT may deem necessary or proper; and
7. To transact any and all business with the Department.

Local Government Center Property-Liability Trust, d/b/a Local Government Center Workers Compensation Trust, by its duly authorized agent, does hereby accept its appointment and agrees to so act as TRUE AND LAWFUL ATTORNEY IN FACT for the Member.

Dated this ____ day of _____, 20____.

Member: _____

**Local Government Center Property-
Liability Trust, LLC d/b/a
Local Government Center Workers'
Compensation Trust**

By: _____

By: _____

Name: _____

John B. Andrews, Executive Director

Title: _____, duly authorized.

LOCAL GOVERNMENT CENTER

BYLAWS

LOCAL GOVERNMENT CENTER, INC.

BYLAWS

RECITALS

A. The former Executive Committee or Boards of Trustees, as the case may be, of the New Hampshire Municipal Association, Inc. ("NHMA, Inc."), the New Hampshire Municipal Association Property-Liability Trust, Inc. ("PLT, Inc."), and HealthTrust, Inc. ("HealthTrust, Inc."), each have separately and jointly deemed it advisable and generally to the welfare and advantage of each of them and their respective members and the employees of their members, that they be consolidated into an organization represented by a single Board of Directors.

B. NHMA, Inc. has been renamed "Local Government Center, Inc."

C. A new limited liability company named "New Hampshire Municipal Association, LLC" ("NHMA") has been formed.

D. PLT, Inc. has merged with Local Government Center Property-Liability Trust, LLC (the surviving entity, "PLT").

E. HealthTrust, Inc. has merged with Local Government Center HealthTrust, LLC (the surviving entity, "HealthTrust").

F. Local Government Center, Inc. has been renamed LGC Real Estate, Inc. ("LGC Real Estate").

G. LGC shall be the sole owner of NHMA, PLT, HealthTrust and LGC Real Estate, and shall provide services thereto.

The following are the Bylaws of LGC:

ARTICLE I

Definitions

The terms "his", "he", "him", "hers", "she", "her" or any other denomination of gender is used herein in a gender-neutral sense to refer to both male and female gender. Capitalized terms used herein have the following meanings:

"*Affected Group*" is defined in Section 6.11.

"*Board of Directors*" means the Municipal Public Officials, School Public Officials, Employee Officials and the County Public Officials then serving as directors of LGC pursuant to Article VI.

"*Bylaws*" means the bylaws of LGC.

"*Certificate of Formation*" means, as the context requires, the NHMA Certificate of Formation, the HealthTrust Certificate of Formation, the PLT Certificate of Formation or the Workers' Compensation Certificate of Formation.

"*Chair*" means the presiding officer of the Board of Directors elected by the Directors as provided in Section 7.1 to perform certain duties as more specifically described in Section 7.4.

"*Code*" means the Internal Revenue Code of 1986, as amended and regulations pertaining thereto and subsequent and corresponding federal law and regulations.

"*Contribution*" means, with regard to any Trust, as applicable, any required payments to purchase excess insurance, to establish a Loss Fund and/or any other necessary or prudent reserves, administration and assessments made thereunder.

"*County Public Official*" means a Public Official of a Participant that is one of New Hampshire's ten (10) counties.

"*County Director*" means at any time, the person then serving as a Director by reason of being a County Public Official.

"*Director*" means a person then serving as member of the Board of Directors pursuant to the Bylaws.

"*Directors*" means the Board of Directors.

"*Employee*" means, with regard to HealthTrust only, in whole or in part as each Participant in HealthTrust may determine, any individual (but not including an independent contractor) described in the categories below and on whose behalf contributions are made to HealthTrust by a Participant:

- (i) An employee within the meaning of Sub-Title C of the Code;
- (ii) Any person who has been an employee described in the immediately preceding clause (i) but is on leave of absence or is retired;
- (iii) Any publicly elected official of a Participant whose term of office is at least one (1) year's duration (or official appointed to fill the unexpired term of a publicly elected official) regardless of his or her scheduled work week if such official is described in one of the categories as follows:
 - (A) Members of the Governing Body of a Participant; or
 - (B) Officials who serve in an administrative position of a Participant which position is comparable in status to a department-head level appointed administrator, but which, by law or option of the Participant, is an elected position. Such position shall include, but not be limited to, clerks,

treasurers, tax collectors, road agents and police chiefs.

- (iv) Any appointed official serving on a permanent board or commission of a Participant which board or commission is established pursuant to a statute of the State of New Hampshire and whose term of office is at least one (1) year's duration regardless of his or her scheduled work week.
- (v) Any spouse or dependent, including a surviving spouse or dependent, of any of the foregoing persons.

"*Employee Directors*" means at any time, as a group, the persons then serving as Directors by reason of being Employee Officials.

"*Employee Official*" means an Employee (as defined in clause (i) in the definition of "Employee") of a Participant of HealthTrust.

"*Executive Director*" means the person appointed pursuant to the Bylaws by the Directors to be responsible for the daily activities of LGC, including all of its subsidiary entities. The person appointed as Executive Director of LGC shall by such appointment and without further action also be the Executive Director of NHMA (as such term is defined in the NHMA Operating Agreement).

"*Finance Committee*" is defined in Section 7.6 (b) (iii).

"*Fund Year*" or "*Pool Year*" means a twelve (12) consecutive month period chosen from time to time by the Directors for periods of coverage for the Trusts. Any Trust may have more than one (1) Fund Year or Pool Year and Fund Years and Pool Years may be different among the Trusts. A Fund Year or Pool Year may be any period less or more than twelve (12) months if it is the first or last such year of a Trust, or a year or years involving a change in the Fund Year or Pool Year.

"*Governing Body*" means the board of selectmen in towns, the city council or board of aldermen in cities, the town council in towns, the board of commissioners in counties and village districts, the school board in school districts, and other similar governing bodies of authorities, agencies or entities eligible to become Members.

"*HealthTrust*" means Local Government Center HealthTrust, LLC, a New Hampshire limited liability company, including all contributions made by HealthTrust Participants pursuant to the applicable Operative Documents; all sums, contracts, policies and properties received by HealthTrust; all of the money or property received by HealthTrust from such or other persons pursuant to the applicable Operative Documents, for the uses, purposes and trusts as set forth in the applicable Operative Documents; and all income, gains, and all other increments of any nature whatsoever, if any, therefrom.

"*HealthTrust Certificate of Formation*" means the Certificate of Formation of HealthTrust filed with the New Hampshire Secretary of State, as amended from time to time

whether before or after the date of adoption of the Bylaws.

"*HealthTrust, Inc.*" is defined in the preamble.

"*HealthTrust Operating Agreement*" means the operating agreement between HealthTrust and LGC dated as of July 1, 2003.

"*Insurer*" means any insurance company providing any insurance contract to a Trust through the Directors or the Executive Director and providing any benefit, directly or indirectly, for any Participant including, but not limited to, any such policy the Directors deem necessary or prudent for the proper operation of the Trusts.

"*LGC*" means Local Government Center, Inc., the entity to which these Bylaws are applicable.

"*LGC, Inc.*" is defined in the preamble.

"*LGC Real Estate*" means LGC Real Estate, Inc., a New Hampshire corporation.

"*Strategic Planning Committee*" is defined in Section 7.6 (b) (iv).

"*Loss Prevention Program*" means a program which may include but shall not be limited to arrangements on behalf of Participants or entities eligible to become Participants to avoid or limit losses, injuries, illness, damage or destruction; to transfer the risk of or provide for reimbursement for losses in the areas of health, property and liability, and workers' compensation and may include but shall not be limited to the following:

- (a) loss control activities including training, education and management improvements;
- (b) purchase of commercial insurance;
- (c) investigation, defense of claims and pursuit of subrogation;
- (d) payment of losses;
- (e) administration;
- (f) surveys of Participant safety practices; employee and dependent health status; and, Participant operational practices and procedures; and
- (g) any other activities of a similar nature.

"*Member(s)*" means any entity that has joined LGC pursuant to Article III, remains in compliance with Sections 3.3, 3.4, and 3.5, and has not withdrawn or been terminated pursuant to Article IV.

"*Municipal Directors*" means at any time, as a group, (i) the persons then serving as Directors by reason of being a Municipal Public Official, and (ii) the person then serving as Director by reason of being a County Public Official.

"*Municipal Public Official*" means a Public Official of a Participant that is a New Hampshire city, town, village district, or an entity created for a special purpose administered or funded by any of the above-named governmental units.

"*NHMA*" is defined in the Recitals.

"*NHMA Board of Directors*" means the persons serving as the Board of Directors of NHMA as set forth in the NHMA Operating Agreement.

"*NHMA, Inc.*" is defined in the preamble.

"*NHMA Municipal Advocacy Committee*" is defined in Section 7.6 (b) (i).

"*NHMA Operating Agreement*" means the operating agreement between NHMA and LGC dated as of July 1, 2003

"*Nominating Committee*" is defined in Section 7.6 (b) (v).

"*Officers*" means the Chair and Vice Chair, or, if in the singular, the Chair or Vice Chair, as the context requires.

"*Operating Agreement*" means, as the context requires, the NHMA Operating Agreement, the PLT Operating Agreement or the HealthTrust Operating Agreement.

"*Operative Documents*" means (i) these Bylaws, (ii) the NHMA Certificate of Formation, (iii) the HealthTrust Certificate of Formation, (iv) the PLT Certificate of Formation, (v) the NHMA Operating Agreement, (vi) the HealthTrust Operating Agreement, (vii) the PLT Operating Agreement, (viii) the Member Agreements and (ix) any Rules and other agreements pursuant or incident thereto.

NOT DEFINED

"*Participant*" means an entity that has become a participant in NHMA or the Trusts pursuant to Section 3.2 or Section 3.6, as applicable.

"*Personnel Committee*" is defined in Section 7.6 (b) (vi).

"*PLT*" means Local Government Center Property-Liability Trust, LLC, a New Hampshire limited liability company, including all Contributions made by PLT and Workers Compensation Participants and; all of the sums, contracts, policies or properties received by PLT

or other persons pursuant to the applicable Operative Documents for uses, purposes and trusts as set forth in the applicable Operative Documents; and all income, gains, and all other increments of any nature whatsoever, if any, therefrom.

"PLT Certificate of Formation" means the PLT Certificate of Formation filed with the New Hampshire Secretary of State, as amended from time to time whether before or after the date of adoption of the Bylaws.

"PLT, Inc." is defined in the preamble.

"PLT Operating Agreement" means the operating agreement between PLT and LGC dated as of July 1, 2003.

"Public Official" means as set forth in clauses (iii) and (iv) in the definition of *"Employee"*.

"Pool Year" is defined under *"Fund Year or Pool Year"*.

"Risk and Health Management Committee" is defined in Section 7.6 (b) (ii).

"Rules" means any rules adopted by the Directors and applicable to LGC or any Trust or combination of Trusts.

"School Directors" means at any time, as a group, the persons then serving as Directors by reason of being Schools Public Officials.

"School Public Official" means a Public Official of a Participant that is a New Hampshire school district, charter school or school administrative unit.

"Service Company" means any person or agency (other than LGC) designated to operate or provide claims administration services, loss prevention programs, insurance accounting programs or perform similar or other services as directed by the Directors.

"Standing Committees" is defined in Section 7.6 (b).

"Trusts" means HealthTrust and PLT or, if in the singular, HealthTrust or PLT as the context requires.

"Vice Chair" means the member of the Board of Directors elected by the Directors as provided in Section 7.1 to perform certain duties as more specifically described in Section 7.4.

"Workers' Compensation" means the Local Government Center Workers Compensation component of PLT including all contributions made by Workers' Compensation Participants pursuant to the applicable Operative Documents; all sums, contracts, policies and properties received for Workers' Compensation; all of the money or property received by the Worker's Compensation component of PLT from such or other persons pursuant to the applicable

Operative Documents, for the uses, purposes and trusts as set forth in applicable Operative Documents; and all income, gains, and all other increments of any nature whatsoever, if any, therefrom.

ARTICLE II

Mission and Vision

SECTION 2.1. Mission.

- (a) The mission of LGC is to provide programs and services that strengthen the quality of its member governments and the ability of their officials and employees to serve the public by being a catalyst for dialogue and action, an advocate on issues, an advisor on problems, a provider of benefits and risk-management services, an educator/trainer in skills, and a resource for information.
- (b) The mission of HealthTrust is to provide health and other benefits to Participants for their employees and to facilitate joint cooperation of the Participants in the exercise or in the performance of their essential governmental functions, powers or responsibilities relating to the provision of such health and other benefits.
- (c) The mission of PLT is to provide property-liability and workers' compensation coverage benefits to Participants for their employees and to facilitate joint cooperation of the Participants in the exercise or in the performance of their essential governmental functions, powers or responsibilities relating to the provision of such benefits.

SECTION 2.2. Vision. To (i) provide education and support that enhance the daily strategic activities of New Hampshire's municipal, school and county governments and their employees; (ii) regularly communicate with valued Members, Participants, employees, dependents, retirees and partners; (iii) increase the number and retention of Members; (iv) deliver outstanding service and support; and (v) enable Members to achieve organizational health by providing tools to help them govern more effectively and efficiently, maintain and enhance Employee health and safety, and manage Member loss exposure.

ARTICLE III

Membership in LGC and Participation in NHMA and the Trusts

SECTION 3.1. LGC Membership. All Participants of NHMA and PLT or HealthTrust shall automatically be Members of LGC.

SECTION 3.2. NHMA Participation. Participation in NHMA shall be governed in accordance with the NHMA Operating Agreement.

SECTION 3.3. Eligibility to become a Participant of a Trust. Entities eligible to become

a Participant of a Trust are:

- (a) Any city, town, county, school district, charter school, village district, school administrative unit, or any district or entity created for a special purpose administered or funded by any of the above-named governmental units, and which is located in and authorized by New Hampshire law and is a Participant in NHMA; and
- (b) NHMA, PLT, HealthTrust, and LGC.

SECTION 3.4. Requirements to Become a Participant of a Trust. Prior to becoming a Participant of a Trust, an entity must:

- (a) Complete such written request to become a Participant as the Directors shall determine;
- (b) Meet all other criteria established and provide all information requested by the Directors which the Directors deem necessary and prudent;
- (c) Receive the approval of any Insurer whose approval is required as a condition of providing insurance;
- (d) Be qualified as an entity the income of which is exempt under Section 115 of the Code; and
- (e) Not cause LGC to be disqualified under NH RSA 5-B, IRC §115 or any applicable Federal or state law.

SECTION 3.5. Required NHMA Participation. All Participants of Trusts shall maintain participation in NHMA.

SECTION 3.6. Acceptance as a Participant of a Trust by the Executive Director or Directors. The Executive Director has the authority to accept any entity which meets the criteria set forth in Sections 3.4 and 3.5. An entity which does not meet the criteria set forth in Sections 3.4 and 3.5 in the judgment of the Executive Director may request that the decision of the Executive Director be reviewed by the Directors. After conducting such review, the Directors shall decide whether or not the applicant meets the eligibility criteria. The decision of the Directors in this regard shall be final. Any such entity which has been refused the status as a Participant may request a review of such refusal after a period determined by the Directors.

SECTION 3.7. Effect of Acceptance. Upon becoming a Participant, each Participant agrees to be bound by the provisions and terms of the applicable Operative Documents, any documents required by an Insurer then in effect, the LGC Member Agreement or any other requirements that may be adopted from time to time by the Directors.

SECTION 3.8. Meetings of the Members. A meeting of Members (either collectively or as Participants of a particular Trust) shall be held at least annually in the fall of each year for the

purposes of receiving reports on the operations of the LGC; voting upon nominations for Director; and transacting any other business which may be transacted at an annual meeting. The time and place of each meeting will be determined by the Directors. Members shall be notified of the time and place of each meeting by at least ten (10) days written notice. Any number of Members shall constitute a quorum for the conduct of elections and the transaction of any business.

SECTION 3.9. Optional Defense by Participants of PLT. The Directors shall promulgate Rules to allow Participants of PLT a reasonable opportunity in liability cases or claims to participate in their own defense or prevent the settlement of such cases or claims by the PLT in a manner contrary to the wishes of the Member.

The Rules shall provide for the Member that has exercised its privilege to prevent the settlement of the case or claim, to be responsible for any later judgment or settlement in excess of the settlement offer or proposal, the acceptance of which was prevented by the Member.

ARTICLE IV

Termination of Membership in LGC or Participation in the Trusts

SECTION 4.1. Termination as a Member of LGC. If a Member fails to maintain status as a Participant in NHMA, such Member shall be notified that their participation in (i) NHMA, or (ii) in NHMA and one or more Trust(s), shall be terminated if NHMA participation is not renewed (A) prior to the due date of such Member's next Contribution or (B) sixty (60) calendar days after notification, whichever is earlier. Such termination shall be effective as of such date.

SECTION 4.2. Termination of Participation in the Trusts. Status as a Participant of NHMA shall be determined in accordance with the NHMA Operating Agreement. Status as a Participant in any Trust shall be continuous except as provided in Section 4.1 and unless terminated for:

- (a) Conduct that is determined by the Directors in their sole absolute discretion pursuant to Section 4.3 to warrant suspension or termination.
- (b) Failure to pay any Contribution when due and owing; provided, however, that with regard to PLT and its Workers' Compensation component only, any Participant failing to make a Contribution required by the Directors when due, shall upon ten (10) days proper notice be immediately suspended from participation by action of the Executive Director without further action by the Board of Directors and such Participant's coverage and benefits hereunder shall immediately cease on the effective date of such notice. If the Participant shall subsequently submit its payment, the Executive Director may, in his discretion reinstitute such participation.
- (c) Failure to continue to meet the criteria required by any Insurer or the applicable Trust including without limitation underwriting criteria.

- (d) Failure to continue to comply or continue to comply with any material provisions of the applicable Operative Documents.
- (e) Failure to comply in good faith with Loss Prevention Programs instituted by the applicable Trust or no cooperation with staff of the applicable Trust regarding loss prevention procedures including without limitation attendance at training programs.

Other than as described in Section 4.1 and the proviso in Section 4.2 (b), termination of status as a Participant pursuant to this Section 4.2 shall be accomplished by a vote of the Directors. The Directors in such resolution may set forth any conditions precedent to such termination that the Directors deem reasonable in their sole, absolute discretion. Such suspension or expulsion shall be evidenced and preceded by a written notice to the Participant from the Directors or the Executive Director.

SECTION 4.3. Participant Review and Termination. Prior to termination of a Participant pursuant to Section 4.2 (a), (d) or (e):

- (a) When in the determination of the Executive Director a Participant has engaged in conduct, other than nonpayment of Contributions, that warrants review of participation status, the Executive Director shall file a written report with the Directors. Such report shall contain a summary of the facts and the Executive Director's recommendations regarding continued participation status.
- (b) A copy of the Executive Director's report shall be served by mail on the Participant along with a notice of hearing of the Directors. Such notice of hearing shall include the place, date and time of the hearing and a request for attendance at the hearing. At their discretion, the Directors may submit written questions to the Participant, written answers to which must be mailed to the Executive Director no later than seven (7) calendar days prior to the date of the hearing. A Participant objecting to the report and recommendations of the Executive Director shall submit a written statement to the Directors setting out in detail the basis of the objection and any other information the Participant desires to submit. Said statement must be mailed to the Executive Director no later than five (5) calendar days prior to the hearing. Such hearing shall be scheduled no less than ten (10) and no more than twenty (20) days from the date of such notice of the Directors; provided, however, that if the Directors submit written questions to the Participant, the date of such hearing shall be set or re-set by the Executive Director so that such Participant shall have at least fifteen (15) days from the mailing of such questions by or on behalf of the Directors to prepare such written answers.
- (c) The Directors shall meet at the time and place designated in the notice of hearing. The Participant shall be entitled to be represented at the hearing and present an oral statement and other information.

- (d) Following the hearing, the Directors shall affirm, modify, or reject the recommendation of the Executive Director. The Directors shall have the authority to place a Participant on probation, the terms and duration of which it shall determine and shall also have the authority to terminate a Participant on ten (10) days notice. A copy of the Directors decision shall be served by mail on the Participant.
- (e) The action of the Directors shall be final and binding.

SECTION 4.4. Withdrawal by a Participant. Subject to Section 4.6, a HealthTrust Participant may withdraw at any time. A PLT Participant or Workers' Compensation Participant may withdraw subject to the following conditions:

- (a) Each PLT Participant or Workers' Compensation Participant shall continue its participation for a period of not less than one full Fund Year. Effective upon the conclusion of such period, or effective at the end of any subsequent Fund Year, a PLT Participant or Workers' Compensation Participant may withdraw on sixty (60) days written notice to the applicable Trust.
- (b) In the case of withdrawal, a PLT Participant or Workers' Compensation Participant shall remain liable for any Contribution that may have accrued prior to the effective date of such withdrawal.

SECTION 4.5. Effective Date of Termination or Withdrawal by HealthTrust Participants. When a HealthTrust Participant's participation is terminated pursuant to Section 4.2 or a Participant withdraws, such termination or withdrawal shall become effective and benefit coverage of each Employee of such Participant shall cease at the earlier of the end of (i) the first day of the next month after the delivery of the notice required by Section 4.2, or, if less than fifteen (15) days in the case of withdrawal, the first day of the next succeeding month, or, (ii) the paid up period with respect to which Contributions have been made by such Participant for its Employee(s). Notwithstanding the foregoing the Directors may establish any other effective date of termination that the Directors in their sole, absolute discretion deem reasonable or appropriate. No liability (except a liability incurred prior to such termination or withdrawal and for which HealthTrust is responsible pursuant to a written contract with the terminating or withdrawing Participant) shall accrue to the Participants or its Employees for any illness or injury and no benefits shall be paid to or for the benefit of an Employee of such Participant after such termination or withdrawal becomes effective.

SECTION 4.6. Two Year Lockout from Health Benefits Coverage.

- (a) When a HealthTrust Participant cancels, terminates, withdraws from or otherwise ceases to participate in medical benefits coverage provided by or through HealthTrust, such HealthTrust Participant shall not be eligible to participate in such medical benefits coverage provided by or through HealthTrust, in any manner, for at least two full years from the date of such cancellation, withdrawal,

termination or other cessation of participation.

- (b) The provisions of this Section 4.6 may be waived in the sole, absolute discretion and by a vote of the Directors upon a written request signed by the Governing Body of the former HealthTrust Participant. Any such written request of the former HealthTrust Participant must be made within six (6) months of termination and must set forth the specific reasons and circumstances that, in the former HealthTrust Participant's view, justifies the exercise of discretion by the Directors to waive the provisions of this Section 4.6 and may include any or all of the following:
- (i) that the former HealthTrust Participant was misled as to coverage and/or final terms offered by the insurer or other entity providing coverage to the former HealthTrust Participant after such termination or withdrawal from HealthTrust;
 - (ii) the insurer or other entity providing coverage to the HealthTrust Participant after such withdrawal or termination from HealthTrust failed to accept retirees of the former HealthTrust Participant as covered persons; or
 - (iii) the former HealthTrust Participant did not realize the financial savings from a substitution of or change from the coverage provided by HealthTrust, as was or to the extent promised or represented by the insurer or other entity providing coverage to the former HealthTrust Participant after its withdrawal or termination from HealthTrust.

SECTION 4.7. Portion of a Participant. The provisions of Sections 4.5 and 4.6 shall be separately and independently applied to those distinct subunits of a HealthTrust Participant which are actually participating in or are eligible to participate in HealthTrust pursuant to the applicable Operative Documents, such as, by way of example and without limitation, a collective bargaining unit that comprises a portion of a HealthTrust Participant or a school district that comprises a portion of a HealthTrust Participant that is an SAU.

SECTION 4.8. No Claim.

- (a) A Participant that is terminated or withdraws from one or more Trusts shall thereupon and at all times thereafter have no right to, or claim on, without limitation, any of the assets, income, distributions (whether past, present or future), reserves or property, whether or not then owned or after acquired, of the Trust from which it is terminated or withdraws.
- (b) A Participant that is terminated or withdraws from LGC shall thereupon and at all times thereafter have no right to, or claim on, without limitation, any of the assets, income, distributions (whether past, present or future), reserves or property, whether or not then owned or after acquired, of LGC.

SECTION 4.9. Continuation of Service. The applicable Trust shall continue the servicing of any covered claim after the withdrawal of a Participant.

ARTICLE V

Accrual of Income

SECTION 5.1. Net Income to Accrue to Members. The LGC's net income shall accrue to the Members as it is earned. The determination of when net income has been earned and the Members who are eligible to participate in a return of net income shall be made in accordance with this Section 5.1. Once this determination is made, the amount of net income, if any, to be allocated for return to any particular eligible Member shall be made in accordance with Section 5.2. Only Members who are eligible under this Section 5.1 and to whom net income is allocated for return under Section 5.2 shall have a legal, enforceable right to a share of net income. As used in these Bylaws, "net income" shall be determined in accordance with the Code. A Member is eligible to accrue rights to net income and participate in the return of such income only if (i) that Member is in good standing and participating in the LGC on the date of adoption of the Directors' resolution that declares such net income and (ii) that Member has been in good standing and participating in NHMA or a Trust continuously and without interruption or absence from the last day of the end of the year for which the net income is declared through the date of distribution set forth in the Directors' resolution declaring such net income. Such return may be by means of the rating formula used to establish rates for each program of coverage, and/or reduction in Contributions due in subsequent Fund Years or Pool Years unless such Member elects otherwise by notice.

SECTION 5.2. Proportions in Which Net Income Accrues. The Directors may provide for net income to be distributed among Members who are eligible under Section 5.1 hereof in such proportions as the Directors may determine, provided that such determination shall allocate such net income among the eligible Members in a manner that is non-discriminatory as to eligible Members receiving similar services and having similar payments of, or reservations for, claims. Subject to the foregoing non-discrimination standard, nothing in the foregoing shall be deemed to require that any eligible Member receive any particular proportion of net income or any net income at all; rather the allocation shall be made to some or all eligible Members in accordance with the allocation determination made by the Directors in accordance with this Section 5.2. The Directors may furthermore, from time to time, modify or change the determination as to the eligible Members' proportionate shares of the future net income attributable to a program, provided that no modification or change shall affect net income allocated to an eligible Member before the effective date of such modification or change. In the event LGC shall have net income under Section 5.1 but the Directors do not allocate such net income among eligible Members as provided in this Section 5.2, then such net income shall be allocated to eligible Members in proportion to the respective payment, during the Fund Year or Pool Year in which the net income is earned, which each eligible Member makes for coverage in connection with programs offered by the LGC to its Members during said Fund Year or Pool Year.

ARTICLE VI

LGC Board of Directors

SECTION 6.1. Board of Directors. The Board of Directors shall be comprised of twelve (12) Municipal Public Officials, twelve (12) School Public Officials, six (6) Employee Officials and one (1) County Public Official.

SECTION 6.2. Qualification of Directors. Each Director shall at the time of appointment or election and at all times while serving in such office be a Public Official (and of the category for which appointed during the applicable term of office or an employee as defined in (i) of the definition of "Employee") of any Member (if appointed to office of Director due to such status). In nominating Directors, the Nominating Committee should, but need not, give due regard to varying geographic location, population of the Members or entities eligible to become Members, experience in risk management, administrative ability and fiduciary experience.

SECTION 6.3. Acceptance of Office of Director. Each Director shall accept the office of Director by execution and delivery of a written acceptance of such appointment, or, by attendance at a meeting of the Board of Directors intending to do so in the capacity of the Directors.

SECTION 6.4. Tenure of Directors. Each term of office of a Director shall be three (3) years in duration. The terms of Directors will be staggered so that no more than eleven (11) new appointments will occur each year. A Director who is appointed to fill a vacancy shall serve the remainder of the vacant term and may, then, serve no more than three (3) consecutive 3-year terms.

SECTION 6.5. Initial Directors. As of the date hereof, the Directors shall have terms of office as follows:

- (i) Four (4) Municipal Officials, four (4) School Officials and two (2) Employee Officials shall each serve one (1) year;
- (ii) Four (4) School Officials, four (4) Municipal Officials, two (2) Employee Officials and one (1) County Official shall each serve two (2) years; and
- (iii) Two (2) Employee Officials, four (4) Municipal Officials and four (4) School Officials shall each serve three (3) years.

SECTION 6.6. 2008 TRANSITION PROVISION. In the fall of 2008, upon passage of at least five (5) years from adoption of these by-laws, the first annual meeting of Members shall be held for the purposes of receiving reports on the operations of the LGC; voting upon nominations for Director, and transacting any other business which may be transacted at an annual meeting. The current term of each Director in office at the time of adoption of this Transition Provision shall be extended to November 30th of the year of termination of their current term. Directors who are elected at an annual meeting shall take office as of December 1st of the same year.

SECTION 6.7. Power of Other Directors to Act in Case of Vacancy. If a vacancy occurs in any office of Director for any reason, the remaining Directors then in office shall have full power and authority to act until such vacancy is filled. The Nominating Committee shall make recommendations to fill such vacancies.

SECTION 6.8. Regular Meetings. Directors may provide, by resolution, the time and place, either within or without the State of New Hampshire, for the holding of regular meetings without other notice than such resolution. This Section shall apply equally to meetings of committees.

SECTION 6.9. Special Meetings. Special Meetings of the Directors may be called by or at the request of the Chair or a majority of Directors. The person or persons authorized to call any such Special Meeting may fix the time and any place, within the State of New Hampshire, for the holding of any such Special Meeting of the Directors called by him or them. Any such meeting may be called upon at least five (5) days written notice delivered personally, mailed or faxed to each such Director at his or her business or residential address or, by telegram. Such notice shall specify the date, time, place and purposes thereof. This section shall apply equally to meetings of committees.

SECTION 6.10. Attendance at Meeting. The attendance of a Director at any meeting of the Directors shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. A Director may attend a meeting by telephone.

SECTION 6.11. Quorum. A quorum for the transaction of business at a duly called meeting of the Directors shall consist of a majority of the Directors then serving. No quorum is required for a committee.

SECTION 6.12. Voting.

- (a) Other than as provided in Section 6.12(b) and (c), all actions of the Directors shall be by a majority vote of the Directors present and voting at a duly called meeting at which there is a quorum present.
- (b) A two-thirds (2/3) majority of Municipal Directors, plus a two-thirds (2/3) majority of School Directors, plus a two-thirds (2/3) majority of Employee Directors is required (i) to change the composition of the Directors, (ii) eliminate any service offered on July 1, 2003 to Participants in NHMA, (iii) sell or otherwise transfer assets other than in the regular course of business, merge, consolidate, amalgamate or engage in a similar transaction whether or not at arms length or for fair value or (iv) amend or otherwise modify this Section 6.12 or Section 11.1. For the purposes of this paragraph only, the definition of "Municipal Directors" shall not include the County Director.
- (c) In the event that a majority vote is not achieved for an action of the Directors in

regard to a new service to be offered to any group of Participants, but a two-thirds (2/3) majority of Municipal Directors, a two-thirds (2/3) majority of School Directors, or a two-thirds (2/3) majority of Employee Directors has voted in favor of such action (such Municipal Directors, School Directors or Employee Directors affected hereby, as applicable, the "Affected Group"), such Affected Group shall have the option to vote again on such measure and such measure may prevail by majority vote of such Affected Group; provided, however, (i) such measure shall only apply to such Affected Group's Participants (ii) such measure shall be funded by other than Contributions to the Trusts and (iii) such measure shall not be grossly inimical to the mission, vision and purpose of LGC.

SECTION 6.13. Action by Directors Without a Meeting. Any action which may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by all of the Directors then serving.

SECTION 6.14. Compensation of Directors. The Directors may pay themselves reasonable compensation for services as Directors and reimburse themselves for reasonable expenses properly and actually incurred in the course of acting as Directors.

SECTION 6.15. Resignation of a Director. A Director may resign by an instrument in writing delivered to the Chair or to the Executive Director, who shall forthwith notify the Chair. Such written notice of resignation may state a prospective date upon which such resignation shall become effective; otherwise, such resignation shall become effective upon receipt by the Executive Director. Upon the effective date of any such resignation, such Director shall become and be fully discharged from all further duties, responsibilities or liabilities associated with such office. A Director, upon vacating such office shall turn over and deliver any and all records, books, documents, monies or other property in the possession or under the control of such Director to the Executive Director.

SECTION 6.16. Removal of a Director. A Director may be removed from office by a vote of a two-thirds (2/3) majority of the Directors at any time and for any reason, including, but not limited to, for (i) failure to attend two (2) consecutive meetings of the Directors, (ii) failure to attend two (2) consecutive meetings of a committee, (iii) material violations of the Bylaws, Rules or policies of the Directors, or (iv) breach of a fiduciary duty to be performed by a Director. The Chair, as an *ex officio* member of each standing committee, shall be exempt from the attendance requirement for standing committee meetings.

ARTICLE VII

Officers and Committees

SECTION 7.1. Officers. The officers of LGC shall be a Chair and Vice Chair. The officers shall be elected by the Directors from among their number at the first meeting of Directors held after each annual meeting and each officer shall be a Public Official.

SECTION 7.2. Term of Office. All Officers shall have a two (2) year term beginning on

at the meeting at which they are elected and ending:

- (a) at the annual meeting which occurs in the year that their term as an Officer expires; or
- (b) the date on which they no longer hold the public office held when first elected or appointed as an Officer; or
- (c) at the time in which their seat is declared vacant for any other reason.

SECTION 7.3 Duties of the Chair. The Chair shall be the presiding officer at all meetings of the LGC. The Chair shall appoint all Standing Committees and their chairpersons except for the NHMA Municipal Advocacy Committee. The Chair shall be a voting member of each standing committee *ex officio*.

SECTION 7.4 Duties of the Vice Chair. In the absence or inability of the Chair, the Vice Chair shall perform in its stead. In addition the Vice Chair shall perform such other duties as are delegated to him by the Chair.

SECTION 7.5 Committees.

- (a) General Authority. The Directors shall have the power and authority to appoint from among themselves such committees as the Directors shall deem expedient which may be vested with such powers as the Directors in their sole discretion shall determine.
- (b) Standing Committees. The chair and all members of all standing committees shall be appointed by and removed by the Chair. Each Director shall serve on at least one (1) standing committee. The LGC shall have the following standing committees (the "*Standing Committees*"):
 - (i) NHMA Municipal Advocacy Committee. The NHMA Municipal Advocacy Committee (the "*NHMA Municipal Advocacy Committee*") shall be composed of the Municipal Directors (excluding the County Director) and others elected by NHMA dues paying municipal Participants as set forth in the NHMA Operating Agreement. The initial composition shall be as follows: all Directors of NHMA, Inc., and Trustees of HealthTrust, Inc. and PLT, Inc. (as "Director" and "Trustee" are defined in the Bylaws of NHMA, Inc., HealthTrust, Inc. and PLT, Inc.) who are municipal Public Officials and who are not appointed to be a Director shall be invited to be a member of this committee.
 - (ii) Risk and Health Management Committee. The Risk and Health Management Committee (the "*Risk and Health Management Committee*") shall canvass, study and review loss prevention and wellness programs for

the purpose of keeping LGC apprised of the latest information in this regard. It shall make policy and program recommendations to the Directors.

- (iii) Finance Committee. The Finance Committee (the "*Finance Committee*") shall review and oversee the proposed budget, financial and actuarial rating procedures, annual audit process, investment policy, and financial statements and make recommendations to the Directors.
- (iv) Strategic Planning Committee. The Strategic Planning Committee (the "*Strategic Planning Committee*") shall review risk programs and member services to ensure competitiveness and attraction and retention of Members and other policies of LGC not assigned to other committees, and make recommendations to the Directors.
- (v) Nominating Committee. The Nominating Committee (the "*Nominating Committee*") shall nominate persons to serve as Directors and as Chair and Vice Chair, and shall be comprised of two (2) Municipal Officials, two (2) School Officials, and one (1) Employee Official.
- (vi) Personnel Committee. The Personnel Committee (the "*Personnel Committee*") shall (i) oversee pay study, personnel policies, cost of living adjustments and fringe benefits with regard to employees of LGC, (ii) evaluate the Executive Director in consultation with the full Board of Directors and (iii) recommend to the Directors changes to such policies and procedures and without further action by the Directors, perform or execute such changes in order to improve or ensure competitiveness of LGC. The Personnel Committee shall be comprised of (2) Municipal Officials, two (2) School Officials, and one (1) Employee Official. The Personnel Committee shall have a chair and a vice chair. The Vice Chair of the LGC Board shall be chair of the Personnel Committee.
- (vii) Retirement Committee. The Retirement Committee (the "*Retirement Committee*") shall (i) serve as the Plan Administrator to the New Hampshire Local Government Center, Inc. Defined Benefit Pension Plan (the "*Plan*"), with the power and instruction to take all actions necessary for the implementation and ongoing administration of such Plan, including but not limited to the selection of an investment advisor and the possible engagement of a third party plan administrator, and (ii) make such administrative or technical amendments to the Plan as may be recommended by such advisors, or by the Plan's actuary or legal counsel. The Retirement Committee shall be comprised of five (5) members of the LGC Board of Directors, three LGC employee representatives, two representatives of senior management of LGC, and one outside representative (who shall be the Committee Chair).

ARTICLE VIII

Duties and Powers of the Board of Directors

SECTION 8.1. General Duties of the Board of Directors. The Directors shall set policy, oversee and administer LGC, NHMA, HealthTrust, PLT, and LGC Real Estate, and without limitation to the preceding clause, shall perform the following duties:

- (a) Create a reserve for the payment of benefits and claims and for any legitimate purpose for LGC, NHMA, the Trusts or LGC Real Estate.
- (b) Pay or provide for the payment on behalf of Members to the insurer of all premiums as they become due on any policy of insurance.
- (c) Cause to be maintained accounts of all investments, receipts, disbursements and all other transactions.
- (d) Engage an independent certified public accountant to perform a financial and management audit at least once per Fund Year and cause copies of such audits to be distributed to Members and to report regarding such audit report to the Members at the annual meeting of the Members.
- (e) Maintain minutes of all meetings of the Directors and Members and cause copies thereof to be distributed in a timely manner to all Directors.
- (f) Pay all taxes and assessments of any and all kind whatsoever that may be levied or assessed under existing or future laws upon the NHMA, the Trusts, LGC Real Estate or any of their income.
- (g) Cause the terms and provisions of the Bylaws, any Certificate of Formation and any Rules to be performed and carried out and the assets of the NHMA and the Trusts to be properly held and administered.
- (h) Pay or provide for the payment of all reasonable and necessary expenses and all charges reasonably incurred by the Directors in carrying out the functions of the Directors.
- (i) Assure compliance with the requirements of NH RSA 5-B, as amended, or any subsequent law of the State of New Hampshire in substitution therefore.
- (j) Assure that LGC, NHMA, the Trusts and all Members are organizations the income of which is exempt under Section 115 of the Code.

SECTION 8.2. Power of the Directors. The Directors shall have such powers as may be necessary or prudent to discharge their responsibilities in setting policy, administration and oversight of LGC, NHMA, the Trusts or LGC Real Estate, and without limiting the prior clause,

shall have the following powers:

- (a) To designate a bank or banks as a depository and to designate one or more persons as are appropriate to withdraw sums therefrom.
- (b) To receive, hold, manage, invest and reinvest such monies and property in stocks, bonds or other securities.
- (c) To require and receive such reports from the Members or their employees as they deem necessary or advisable.
- (d) To sue and be sued, or to prosecute and defend any and all actions; to compromise or settle any suit, claims or demands, or waive or release any rights relating to LGC, the Trusts, NHMA, LGC Real Estate, or any of their property.
- (e) To adopt and enforce Rules not inconsistent with the provisions of the Bylaws or any Certificate of Formation as the Directors may from time to time deem expedient.
- (f) To make, execute, acknowledge and deliver any and all documents that may be necessary or appropriate to carry out the powers herein granted.
- (g) To borrow or raise money in such amount, and upon such terms and conditions as the Directors shall deem advisable.
- (h) To hold cash, uninvested, for such length of time as the Directors may determine without liability for interest thereon.
- (i) To continue to have and to exercise, after the termination of LGC and until final distribution, all of the title, powers, discretion, rights and duties conferred or imposed upon the Directors hereunder, or by law.
- (j) To construe and interpret any Certificate of Formation or Operating Agreement.
- (k) To have a judicial settlement of their accounts and judicial determination of any questions in connection with their duties and obligations hereunder, or in connection with the administration or distribution thereof (the costs and expenses, including accounting and legal fees, for such judicial settlement of accounts or other judicial determination shall be paid as a general administrative expense to the extent permitted by applicable law).
- (l) To appoint one or more investment managers to supervise and direct the investment and reinvestment of a portion or all of the Trusts in accordance with the provisions hereof and applicable law and in the same manner and with the same powers, duties, obligations, responsibilities and limitations as apply to the Directors as set forth herein and to pay reasonable compensation for such

services.

- (m) To acquire, hold, own, rent or lease, alone or in conjunction with any other party or parties, any property, real or personal, and to pay the appropriate pro rata part of the mortgage payments, property taxes, assessments, insurance, maintenance and ordinary repairs on all such property.
- (n) To declare dividends for distribution to eligible Members.
- (o) To set rates for each risk product offered by the Trusts.
- (p) To fill any vacancy on the Board of Directors for the remainder of the term of the vacant position.
- (q) To do all acts, whether or not expressly authorized herein, which the Directors may deem necessary or proper for the administration and management of LGC, NHMA, the Trusts and LGC Real Estate.

SECTION 8.3. The Executive Director. The Directors shall designate and appoint an Executive Director to administer the daily affairs of LGC, NHMA, the Trusts and LGC Real Estate. The duties of the Executive Director shall include, without limitation, carrying out policies established by the Directors, maintaining the competitiveness of LGC and the Trusts, locating and recommending various contractors, and supervising and reporting on contractor performance, the provision of financial and accounting reports and the maintenance of excess reinsurance or other insurance. The Executive Director shall make reports and be accountable to the Directors. The Executive Director shall not be an owner, officer or employee of any Service Company.

SECTION 8.4. Powers of the Executive Director. The Executive Director, without prior approval or direction from the Directors, shall carry out the policies of the Directors and programs of LGC, NHMA and the Trusts, and shall have all powers incident thereto, including, but not limited to the following powers:

- (a) Submit annual budgets (which shall contain an amount equal as discretionary funds to provide the Executive Director with flexibility to undertake strategic competitive activities).
- (b) Pay benefits and claims to or on behalf of Members or Employees in accordance with the purpose of the Trusts.
- (c) To accept, determine and make reasonable arrangements for the payment on behalf of each Participant of all Contributions due.
- (d) To purchase contracts of insurance and to hold all insurance policies issued by Insurers and to deal with Insurers on behalf of the Members.

- (e) To administer risk management pools, collect Contributions and pay authorized losses on behalf of Members.
- (f) To establish loss control and wellness procedures and to provide general advice and educate Members in relation thereto.
- (g) To provide risk management services including defense of and settlement of claims and engage a Service Company.
- (h) To purchase reinsurance or excess insurance as necessary to protect the interests of the Members and the Trusts.
- (i) To employ such agents, advisors and counsel as may be reasonably necessary in managing and administering their duties.
- (j) To purchase as a general administrative expense so called general liability insurance and other insurance for the benefit of the NHMA, the Trusts and/or the protection of the Directors, employees, or agents against any losses by reason of errors or omissions or breach of fiduciary duty or negligence.
- (k) Except as otherwise provided in these Bylaws, to enter into any and all contracts and agreements for carrying out the purposes of the LGC and for the administration and operation of the LGC and to do all acts as they, in their discretion, may deem necessary or advisable, and such contracts and agreements and acts shall be binding and conclusive on Members and their employees. The Executive Director, in his discretion, may delegate the power to execute contracts and agreements on behalf of LGC or its subsidiaries to the Deputy Director and/or another member of the Leadership Team or Management Team as they may be constituted by him.

SECTION 8.5. Service Company. If services are not otherwise to be provided by the Trusts, the Directors may obtain the services of a Service Company for the purpose of servicing claims as directed by the Directors. The claims administrator shall adhere to guidelines for the performance of their duties as set forth by the Directors.

ARTICLE IX

Limitation of Liability; Indemnification

SECTION 9.1. Definitions. For purposes of Article IX only, the following terms have the following meanings:

"Expenses" include counsel fees.

"Liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses actually incurred with respect to a proceeding. The liability may arise from bodily injury, illness, death

or property damage or loss, or any other source.

"Official" means an individual who is or was a Director, officer or employee of LGC (the "corporation"); an individual who has been appointed by the Directors to serve the LGC in any official capacity; or an individual who, while a Director, officer or employee of the corporation is or was serving at the corporation's request as officer, partner, Director, employee or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. An official is considered to be serving an employee benefit plan at the corporation's request if the official's duties to the corporation also impose duties on, or otherwise involve services by, the official to the plan or to participants in or beneficiaries of the plan. Official includes, unless the context requires otherwise, the estate or personal representative of an official.

"Official capacity" means: (i) when used with respect to a Director, the office of Director in the corporation; and (ii) when used with respect to an officer, the office in the corporation held by the officer; and (iii) when used with respect to a committee member, the position held in the committee by the member. "Official capacity" does not include service as an employee for the corporation or service for any other foreign or domestic business or nonprofit corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise.

"Party" includes an individual who was, is or is threatened to be made a named defendant or respondent in a proceeding.

"Proceeding" means any threatened, pending, or completed action, suit or proceeding whether civil, criminal, administrative, or investigative and whether formal or informal.

SECTION 9.2. *Obligation to Indemnify.*

(a) Except as provided in Section 9.2 (d), the corporation shall indemnify an individual made a party to a proceeding because the individual is or was an official against liability incurred in the proceeding if the individual:

- (i) conducted himself in good faith; and
- (ii) reasonably believed:
 - (A) in the case of conduct in his official capacity with the corporation, that his or her conduct was in its best interests; and
 - (B) in all other cases that his conduct was at least not opposed to its best interests; and
- (iii) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.

(b) An official's conduct with respect to an employee benefit plan for a purpose the

official reasonably believed to be in the interests of the participants in and beneficiaries of the plan is conduct that satisfies the requirements of Section 9.1(a) (ii) (B).

- (c) The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not of itself, determinative that the official did not meet the standard of conduct described in this Section.
- (d) A corporation may not indemnify an official under this Section:
 - (i) in connection with a proceeding by or in the right of the corporation in which the official was adjudged liable to the corporation; or
 - (ii) in connection with any other proceeding charging improper personal benefit to the official, whether or not involving action in his or her official capacity, in which the official was adjudged liable on the basis that personal benefit was improperly received by the official.
- (e) Indemnification permitted under this Section in connection with a proceeding by or in the right of the corporation is limited to reasonable expenses incurred in connection with the proceeding.

SECTION 9.3. Advance for Expenses.

- (a) The corporation may pay for or reimburse the reasonable expenses incurred by an official who is a party to a proceeding in advance of final disposition of the proceeding if:
 - (i) the official furnishes the corporation a written affirmation of his or her good faith belief that he or she has met the standard of conduct described in Section 9.2;
 - (ii) the official furnishes the corporation a written undertaking, executed personally or on the official's behalf, to repay the advance if it is ultimately determined that the official did not meet the standard of conduct; and
 - (iii) a determination by the Directors is made that the facts then known to the Directors making the determination would not preclude indemnification under this Article.
- (b) The undertaking required by Section 9.3 (a) (ii) must be an unlimited general obligation of the official but need not to be secured and may be accepted without reference to financial ability to make repayment.
- (c) Determinations of payments under this Section shall be made in the manner

specified in Section 9.5.

SECTION 9.4. Court-Ordered Indemnification. An official of the corporation who is a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. On receipt of an application, the court after giving any notice the court considers necessary may order indemnification in the amount it considers proper if it determines that the official is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the official met the standard of conduct set forth in Section 9.2 (a) or was adjudged liable as described in Section 9.2 (d) but if the official was adjudged so liable indemnification is limited to reasonable expenses incurred.

SECTION 9.5. Determination of Indemnification.

- (a) The corporation shall not indemnify an official under Section 9.2 unless a determination has been made that indemnification of the official is required in the circumstances because the official has met the standard of conduct set forth in Section 9.2.
- (b) The determination shall be made:
 - (i) by the Directors by majority vote of a quorum consisting of Directors not at the time parties to the proceeding;
 - (ii) if a quorum cannot be obtained under clause (i), by majority vote of a committee duly designated by the Directors (in which designated Directors who are parties may participate), consisting solely of two or more Directors not at the time parties to the proceeding; or
 - (iii) by special legal counsel:
 - (A) selected by the Directors or its committee in the manner prescribed in clause (i) or (ii); or
 - (B) if a quorum of the Directors cannot be obtained under clause (i) and a committee cannot be designated under clause (ii), selected by majority vote of all of the Directors (in which selected Directors who are parties may participate).
- (c) Evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is required, except that if the determination is made by special legal counsel, evaluation as to reasonableness of expenses shall be made by those entitled under clause (iii) to select counsel.

SECTION 9.6. Insurance. The corporation may purchase and maintain insurance on behalf of an individual who is or was an official or who, while an official, is or was serving at the request of the corporation as a director, officer, partner, Director, employee, or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee

benefit plan, or other enterprise, against liability asserted against or incurred by him or her in that capacity or arising from his or her status as an official, whether or not the corporation would be required to indemnify the person against the same liability under these Bylaws.

SECTION 9.7. Application to General Rights. The foregoing right of indemnification shall be in addition to, and not exclusive of, all other rights to which any official, agent or employee may be entitled.

SECTION 9.8. Indemnity by Contract. The corporation may provide indemnity to any official or third party pursuant to a contract or agreement authorized by a majority of a quorum of Directors.

SECTION 9.9. Limitation of Liability. No Director or officer shall be liable for any acts or omissions whatsoever of any other Director, officer or agent of the corporation; nor shall any Director or officer be liable for any negligence, error, judgment, or for any act or omission unless resulting from his own gross negligence or willful misconduct. Every act or thing done or omitted, and every power exercised or obligation incurred by the Directors or officers or any of them in the administration of the corporation or in connection with any affairs, property or concerns of the corporation, whether ostensibly in their own names or in their capacities as Directors or officers, shall be done, omitted, exercised or incurred by them as Directors or as officers and not as individuals; and every person contracting or dealing with the Directors or officers or having any debt, claim or judgment against them or any of them, shall look only to the funds or property of the corporation for payment or satisfaction, and no Director, officer or agent of the corporation shall ever be personally liable for or on account of any contract, debt, tort, claim, damage, or decree arising out of the preservation of the corporation or the conduct of any of the affairs of the corporation. There shall be purchased a surety bond in sufficient amount to ensure against the defalcations of any Director or Directors, or agents of the corporation under authority of the Directors. Premium for said surety bond shall be an administration expense of the corporation.

SECTION 9.10. Source of Indemnification. All indemnification or reimbursement provided for in this Article shall be limited to the corporation.

ARTICLE X

Dissolution

SECTION 10.1. Dissolution and Distribution of Assets. In the event of dissolution of LGC, and after all legal debts, liabilities and retirement plan obligations have been finally discharged, all remaining assets shall be liquidated and the proceeds shall be distributed equitably to the Members in accordance with their participation in NHMA and/or the Trusts from which assets to be distributed are generated.

ARTICLE XI

Amendments

SECTION 11.1. Procedure.

- (a) Subject to Section 6.12, an amendment which would materially affect the rights and responsibilities of any Participant may be adopted by the Directors only after a hearing with regard to such proposed amendment is held by the Directors and at which any Participant may participate. Written notice of the proposed Bylaws change and the hearing before the Directors shall be delivered to each such Participant at least ten (10) days prior to such Directors meeting. The notice shall contain at least the text of the proposed Bylaws change and the date, time and place of such hearing. Notice for these purposes will be considered delivered when deposited in the United States mail for regular delivery.

- (b) With regard to PLT and Workers' Compensation only, the Directors may adjust the scope of coverage, limits of coverage, and/or the amount of loss retention in consideration of loss experience, additional coverage/limits required by Members, and amounts and scope of reinsurance coverage available. Notice of consideration by the Directors of reduction of the scope of coverage or limits shall be preceded by written notice to the Members mailed ten (10) days prior to the meeting at which such reductions are to be considered.

Adopted July 1, 2003
Amended July 14, 2006
Amended July 13, 2007
Amended October 17, 2007
Amended December 13, 2007