



OPEH&W
Health Plan
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Fourth Amended & Restated Inter-local Government Agreement Dated July 1, 2000

On February 1, 1992, certain governmental agencies (hereinafter referred to as "Participating Agencies"), acting under the provisions of Title 51, Oklahoma Statutes, Sections 167, 168, 169, and 172; Title 74, Oklahoma Statutes, Sections 1001, et seq., and other applicable provisions of Oklahoma law, by their Inter-local Governmental Agreement (hereinafter referred to as "Inter-local Agreement", as amended and restated), established the Oklahoma Public Employees Health and Welfare Plan (hereinafter referred to as "Plan," as amended and restated) for the benefit of eligible employees of the Participating Agencies and their eligible dependents. Effective July 1, 1995, and July 1, 1999, the Participating Agencies amended and restated the Inter-local Agreement and amended certain provisions of the Plan. Effective July 1, 2000, the Participating Agencies desire to again amend and restate the Inter-local Agreement and to amend certain provisions of the Plan.

On the dates noted below, the undersigned Participating Agencies in and of the State of Oklahoma have, by signing this Inter-local Agreement, consented to said fourth amendment and restatement and to continue to cooperate together and with other public agencies who later countersign this Inter-local Agreement in establishing and maintaining the Plan for the employees of such Participating Agencies and their eligible dependents.

1. Agencies Participating Later

Other agencies may later participate in this Inter-local Agreement by signing an agreement which is counterpart to this, identical, and which conforms to the terms and conditions of this Inter-local Agreement. Such other agency shall meet the underwriting requirements as set forth in the Trust Agreement, and participation shall require the written approval of a majority of the voting Members of the Board of Review (hereinafter defined) present at any meeting where a quorum is present. All such participation shall be under and subject to the provisions of Title 51, Oklahoma Statutes, Sections 167, 168, 169, and 172; Title 74, Oklahoma Statutes, Sections 1001, et seq., and other applicable provisions of Oklahoma law.

2. Duration

This Inter-local Agreement shall endure for twelve (12) months and shall be renewed automatically for successive twelve (12) month periods unless otherwise terminated by the Board of Review in accordance with the termination provisions set forth in Section 9 herein.

3. Organization

The management and furtherance of the Plan shall be supervised by a Board of Review (hereinafter referred to as "Board of Review"), which shall consist of no more than fifteen (15) voting members (hereinafter referred to as "Members"). Each Member of the Board of Review shall serve as a trustee (hereinafter referred to as "Trustees") under the Trust Agreement (hereinafter referred to as "Trust Agreement, as amended and restated") that creates a trust fund (hereinafter referred to as "Trust Fund") for the purpose of holding assets of the Plan in trust. The trustees shall monitor the Plan and the funding account(s) and shall enter into service agreements with entities necessary to run everyday affairs of the Plan. All reserve funds, all funding contributions, and handling of funding reserves shall be subject to the review and approval of a majority of the voting Trustees as set forth in the Trust Agreement. All acts and decisions of the Board of Review should be by a majority vote of all Members present at any meeting where a quorum is present, unless specifically otherwise provided herein. A quorum for voting shall be any number present which constitutes more than half (1/2) of all Members of the Board of Review. No person who has pleaded guilty to or been convicted of a felony offense (including a nolo contendere plea), in or outside the jurisdiction of the State of Oklahoma, may serve as a Member of the Board of Review nor as a Trustee.

4. Selection of Representative to Board of Review

Of the voting Members constituting the Board of Review, up to fourteen (14) Members shall represent Participating Agencies which are Counties (hereinafter referred to as "County Members"), and one (1) Member shall represent all Participating Agencies which are not Counties (hereinafter referred to as "At-Large Member"). The initial appointment of the County Members shall be made from among the current Board of Review. Each County Member shall be an elected official in the County which he or she represents, and shall serve a minimum term of one (1) year. The At-Large Member shall be appointed each fiscal year by the Board of Review from among the current Participating Agencies which are not

Counties. The At-Large Member shall be a designated official of the Participating Agency which he or she represents, and shall serve a term of one (1) year. All Member vacancies on the Board of Review, by resignation, departure from agency, or other cause, shall be filled by appointment of the remaining Members of the Board of Review, by majority vote of all Members present at any meeting where a quorum is present. Members shall be eligible for appointment to consecutive or subsequent terms.

Each Participating Agency which is not represented on the Board of Review by a Member shall have the option of appointing one (1) non-voting representative to the Board of Review (hereinafter referred to as "Ex Officio Members"). Ex Officio Members shall have the right to speak at meetings of the Board of Review, but shall be precluded from introducing proposal or motions or the casting of a vote on any matter. All Ex Officio Member vacancies shall be filled by appointment of the Participating Agency. Each Participating Agency shall immediately notify the Plan Administrator (hereinafter defined), in writing, of Ex Officio Member changes.

5. Purpose

It is the purpose of the Participating Agencies to pool self-funded reserves and to provide health and medical benefits to their eligible employees, and their dependents, all as defined by Title 51 of Oklahoma Statutes and other allied provisions of Oklahoma law, by self-funding contributions from the Participating Agencies and their employees and providing such benefits according to the Plan as established and maintained pursuant to this Inter-local Agreement. Each Participating Agency shall be responsible to contribute funding to the Plan and to adhere to the underwriting requirements, as from time to time are established by the Trustees relying in good faith upon the recommendations of a qualified consultant or Enrolled Actuary. Funding is based on calculation of anticipated claims payments, funding reserves, administrative expenses, and stop-loss re-insurance cost. Total anticipated funding shall be divided by the number of anticipated participating employees and dependents during the period of July 1 through June 30 of each fiscal year to establish the amount needed for each participant. Each Participating Agency shall pay its pro rata share of funding according to the number of its personnel covered by the Plan. Funds contributed by the Participating Agencies and their employees shall be paid monthly to the Plan Administrator for inclusion in the Trust Fund to be used only for the costs of the operation of the Plan and the payment of benefits due under the Plan. It is expressly intended and understood by the Participating Agencies that if any Participating Agency shall fail to adhere to any underwriting requirement which causes adverse loss to the Plan or experiences losses beyond reasonable expectations in any year of this Inter-local Agreement, such Participating Agency will be assessed during a subsequent period to offset such adverse losses. What constitutes "adverse losses" or "losses beyond reasonable expectations" and the amount and duration of any "assessment" shall be determined by the Trustees. Likewise, if, in the opinion of the Trustees, the Trust Fund is insufficient to carry out the purposes of the Plan, the Trustees may adopt such emergency measures as may be necessary to fund the operation of the Plan, including, but not limited to, "special assessments" to Participating Agencies, amendment of the Plan, and adjustments in any benefits made available under the Plan.

For the initial Plan Year of a Participating Agency's participation, it may be necessary to assess funding contributions somewhat at variance with assessments to other Participating Agencies to avoid risking expenses and benefit payments not predictable, and until the effect of each such joining Participating Agency upon the total of expenses can be determined.

6. Plan Administration

The Trustees shall employ the services of a Plan Administrator ("hereinafter referred to as Plan Administrator") who shall have the discretion and authority to control and manage the operation of the Plan. The Plan Administrator will negotiate contracts with service providers for the Trustees, including a provider of claims administrative services, and the Trustees may delegate such other ministerial duties to any such service providers as the Trustees may deem appropriate.

No governmental powers inherent in the Participating Agencies shall be delegated to the Plan Administrator outside the purview of this Inter-local Agreement. No person who has pleaded guilty to or been convicted of a felony offense (including a nolo contendere plea), in or outside the jurisdiction of the State of Oklahoma, may be employed or serve as a Plan Administrator.

7. Acquisition of Property

It is not contemplated that it will be necessary to acquire property.

8. Amendment

The Board of Review may, by an affirmative vote of all Members present at any meeting where a quorum is present, amend this Inter-local Agreement from time to time, and any such amendment shall be effective and binding upon the Participating Agencies.

9. Termination

The Board of Review may, by an affirmative vote of all Members present at any meeting where a quorum is present, terminate this Inter-local Agreement. Upon such termination, the net accumulated reserve funds shall be equitably divided, or again reserved up in a similar agreement, by its affirmative vote. The Board of Review may also, by a majority vote of all Members present at any meeting where a quorum is present, terminate any one or more Participating Agencies from membership in this Inter-local Agreement as now existing or later augmented by addition of Participating Agencies, as follows: (1) on the date upon which the Participating Agency fails to pay any amount when due, including funding contribution, assessments, and special assessments, for any reason whatsoever, including, without limitation, the unavailability of funds resulting from a failure to appropriate or reduction of appropriation of funds; or (2) on the date upon which the Participating Agency fails to adhere to any underwriting requirement by giving advance written notice thereof to the Participating Agency and at least thirty (30) days to adhere to any such underwriting

requirement; (3) at the end of any Plan month by giving at least (60) days advance written notice thereof to the Participating Agency. No Member of the Board of Review may vote on any proposed termination of the Participating Agency which such Member represents. In the event a Member of the Board of Review is so disqualified, the total number of Members for the purposes of determining a quorum shall be reduced by the number of Members so disqualified for such vote.

Any Participating Agency may withdraw from membership in this Inter-local Agreement by giving at least sixty (60) days advance written notice thereof to the Board of Review.

The Trustees shall retain all assets in Trust attributable to any Participating Agency terminating or withdrawing from membership (for whatever reason and whether voluntary or involuntary) in this Inter-local Agreement and, except as provided in Subsection 5.2 of the Trust Agreement, no assets shall be distributed to the Participating Agency. The Participating Agency shall be responsible for immediate payment of their equitable share of short-term liabilities (e.g. bank loans), if any, and for funding payment of their own run-off claims, including administrative expense, less their equitable share of the reserve funds. "equitable share of short-term liabilities" means the Participating Agency's pro rata share of the short-term liabilities (accelerated to the then present value) of the Plan outstanding as of the date of such termination or withdrawal according to the percent of total contributions paid by such Participating Agency during the two immediately preceding plan year periods (July 1 through June 30) up to and including the number of months in the then current plan year, as compared to total contributions paid by other Participating Agencies during such periods.

"Run-off claims" means claims incurred prior to the date of termination or withdrawal, but not paid as of such date. "equitable share of reserve funds" means the Participating Agency's pro rata share of the reserve funds available as of the date of such termination or withdrawal according to the percent of total contributions paid by such Participating Agency during the two immediately preceding plan year periods (July 1 through June 30) up to and including the number of months in the then current plan year, as compared to the total contributions paid by other Participating Agencies during such periods, minus any outstanding amount due the Plan, including funding contributions, assessments, and special assessments.

In the event the Participating Agency's share of reserve funds available as of the date of such termination or withdrawal (as determined above) are insufficient to pay any amount due the Plan (as determined above), or are at any time insufficient to fund payment of the Participating Agency's run-off claims, such Participating Agency shall immediately and without delay contribute funds in amounts sufficient to fund such payments. In the event the Participating Agency fails to immediately contribute funds to cure such insufficiency of funds available, the Plan shall have no further duty or liability for payment of the Participating Agency's run-off claims, and the Participating Agency shall then be solely responsible for administration and payment of its own run-off claims; provided, however, the Participating Agency shall remain liable for any amount due the Plan (as determined above) as of the date of such termination or withdrawal.

