

**WESTERN MICHIGAN
HEALTH INSURANCE POOL
BYLAWS**

As adopted on November 11, 2008

In connection with the Pool providing a

Public Employer Pooled Plan

[the “Western Michigan Health Insurance Pool (PEPP)"]

and amended through May 3, 2022

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**THE BYLAWS OF THE
BOARD OF TRUSTEES OF THE
WESTERN MICHIGAN HEALTH INSURANCE POOL**

THESE BYLAWS ("Bylaws") are an integral part of the Trust Agreement by and among the Members and Trustees (all hereafter defined) of the Western Michigan Health Insurance Pool (the "Pool"), and set forth the provisions and procedures for the governance, finance, and administration of the Pool as follows:

PREAMBLES

A. Michigan Public Act 35 of 1951, as amended, §§ 5-12b; MCL, §§ 124.5-124.12b ("Act 35"), authorizes Michigan school districts and other defined municipal corporations by intergovernmental contract to establish a group self-insurance pool for the purpose of providing certain insurance coverages to its participating members and their employees.

B. Act 35 has authorized Michigan school districts and other defined municipal corporations to form a group self-insurance pool to provide hospital, medical, surgical or dental benefits as a multiple employer welfare arrangement ("MEWA") under Chapter 70 of the Michigan Insurance Code of 1956; MCL, §§ 500.7001 - 500.7090, and now additionally authorizes a group self-insurance pool formed by such school districts and municipal corporations to provide for hospital, medical, surgical, or dental benefits through a public employer pooled plan ("PEPP") as permitted under Act 106 of 2007 (the "Public Employees Health Benefit Act"), MCL §§124. 71 to MCL 124.85.

C. The Trustees have concluded the MEWA, and established a PEPP, which is now the Pool's only health insurance plan. All MEWA liabilities have been settled.

D. As empowered by Article III, section (e) of the Trust Agreement, and directed by Article VI of the Trust Agreement, the Trustees determine to adopt these Bylaws which provide for the governance, finance and administration of the Western Michigan Health Insurance Pool (PEPP) (hereafter the "PEPP").

NOW THEREFORE, the Trustees adopt the following Bylaws, as the same may be amended from time to time in accordance with their terms.

ARTICLE I **DEFINITIONS FOR THE PEPP**

1.1 **Definitions**. As used in the Bylaws, the following terms, whether or not capitalized and unless the context or term clearly implies otherwise, shall apply to all matters and transactions related to the PEPP, including all funds and accounts, excess insurance, and letter of credit, which are hereby established separately from the pre-existing funds and accounts, excess insurance and letter of credit for the MEWA, and shall have the meanings set forth:

"Administrative Charges" – Payments required by Members to cover the costs of administration of the Pool which shall be included in the monthly funding rates paid by each Member.

“Benefit Fund” – The single fund of moneys hereby established by the Members to collectively self-insure or otherwise insure, administer and pay Benefits granted by the individual Members under the PEPP to their respective Participants, and to purchase excess claim or other conventional insurance.

“Benefits” – Non-salary payments made to Participants under the PEPP to cover medical, surgical, hospitalization, dental, and vision costs, incurred by Participants for themselves and for their dependents. “Benefits” may also include fully-insured life and long term disability insurance benefits for Participants provided through third party insurance carriers (but never as a pooled, or insured product of the Pool itself). In order for life insurance and long term disability insurance benefits to be paid to or for Members’ participants, such insurance must be in force and effect of the time such Benefit claims arise, and payment of such insurance benefits shall be limited to the amount received by the Pool from the insurance carriers providing such insurance.

“Board of Trustees” – The governing body of the Pool.

“Consulting/Management Firm” – A qualified company retained by the Pool to advise, underwrite and manage all of the plans approved by the Board of Trustees.

“Contributions, including Supplemental Contributions” – Payments required by Members, and determined for each Member in accordance with these Bylaws, to cover (1) the costs of anticipated Benefit payments under the PEPP (including administration) for Participants and their dependents, (2) the cost of excess insurance and other insurance

required by the Board of Trustees, (3) sufficient sums to create and maintain a Reserve Fund and (4) the Pool's obligation to reimburse the issuer of any Letter of Credit for all amounts drawn under it.

"Director" – The Michigan Director of the Department of Insurance and Financial Services.

"Fiscal Year" – The twelve-month period commencing July 1 or as amended.

"Governing Body" --- The governing body of a Member of the Pool.

"Letter of Credit" – Any letter of credit that the Pool obtains to secure any or all of its obligations for the PEPP under the Public Employees Health Benefit Act, §(9)(1)(a).

"Members" – A public entity purchasing medical benefits cooperatively through the Pool, admitted in accordance with the bylaws, including those identified in the Trust Agreement. Additionally, a member may also purchase dental or other ancillary benefits as offered through the Pool.

"Participants" – All persons working for a Member under the direction and control of that Member who meet that Member's eligibility requirements for coverage under its PEPP benefits program and, subject to such collective bargaining agreement, including persons who are covered by a collective bargaining agreement. Persons who are identified as "independent contractors", in contract or in fact, shall not be participants. "Participants" shall also include all former participants entitled to coverage pursuant to COBRA or any

other applicable law. For purposes of PEPP benefit coverage, “participants” shall also include all dependents of a Member’s participants, provided that such dependents have been specifically identified by the Member to the Pool as eligible for coverage.

“Plan” – The Public Employer Pooled Plan approved by the Board of Trustees under which Benefit programs are maintained for Participants of the Members.

“Plan Year” – January 1 through December 31 of any given year.

“Pool” – The Western Michigan Health Insurance Pool, which is a separate legal trust, established by the Trust Agreement and pursuant to the constitution and the laws of the State of Michigan.

“Reserve Fund” – A fund of money in a separate, identifiable account, which shall not be commingled with other Pool moneys, for the purpose of holding Pool money which is in excess of its Members’ current obligations under the PEPP and is anticipated to be an amount sufficient to pay the Benefit claims of the Members under the PEPP filed subsequent to conclusion of the PEPP, but attributable to the period of its existence, in compliance with Michigan Law.

“Specific Stop Loss Insurance” – Conventional insurance which reimburses the Benefit Fund for Benefits under the PEPP paid to Participants of Members which are in excess of a specific deductible amount per plan year. Specific stop loss insurance expressly includes any

specific stop loss "coverage" as may be offered under Act 350, Michigan Public Acts of 1980, in particular but not limited to, Section 211 thereof.

"Third Party Administrator" – A company organized as a non-profit health care corporation under Act 350, Michigan Public Acts of 1980, and/or otherwise qualified under the Public Employers Health Benefit Act, to provide claims administration, billing functions, and other functions as determined by the Board of Trustees, and retained by the Pool for such purposes.

"Trust Agreement" - Agreement among the Trustees and Members, dated on or about July 12, 2005, as amended and approved by the Director.

"Unreserved Net Assets" – (Formerly "Free Surplus Fund") The fund of moneys which have been paid by the Members to the Pool under the PEPP, plus all interest income earned, and which are in excess of Members current obligations to the Benefit Fund and the Reserve Fund.

ARTICLE II

GENERAL STRUCTURE OF THE POOL

2.1 **Trust Entity.** The Pool is a separate legal and administrative trust entity pursuant to Act 35, §§5(2)(a), 5(4), and 5.(5).

2.2 **Coverages.** The Pool shall offer to its Members a pooled self-insurance program for the payment of medical, surgical, hospitalization, dental and vision Benefits to

the Members' respective Participants, but the Pool alternatively may obtain some or all such coverages through third party insurance carriers in accordance with the Bylaws as may be amended. The Pool acting as a purchasing group shall also purchase from third party insurance carriers fully-insured life and long term disability insurance for the Members' respective Participants, but such insurance shall never be a pooled or insured product of the Pool. The Pool shall also process and pay Benefit claims and shall create the Benefit Fund to pay such Benefits, in excess of the deductibles, and in amounts up to certain levels over which claims shall be paid by specific stop loss insurance policies.

2.3 **Operational Premise.** The Members have determined not to purchase insurance coverage to pay claims for Benefits below certain limits, except for special coverages such as life insurance and long term disability insurance, but rather to rely upon their pooled funds and contribution obligations to pay benefits which occur and, when authorized by the Board of Trustees, to purchase insurance to protect against catastrophic and certain other benefit claims.

2.4 **Source and Investment of Funds.** All funds contained within the Pool are directly derived from its Members and from investment income. Pool funds shall only be invested in investments which would be permitted for the Members under Michigan Law, including the Insurance Code of 1956, MCL §§500.910, 500.912 and 500.914. The Members intend to pay Benefit claims by contributions of the Members into the Benefit Fund, in varying amounts per Member based upon Benefits offered, claims made and other factors. The Members intend to pay for the costs of administering the Pool by Administration Charges included in the monthly funding rates paid by each Member.

2.5 **Cash Reserves in Reserve Fund**. In accordance with the Public Employees Health Benefit Act §9(1)(a), the Reserve Fund shall contain cash reserves in an amount equal to a minimum of 2.5% of the immediately preceding year's claims plus its most recent designated reserve for incurred, but not reported claims, as indicated in the Pool's financial statement filed with the Commissioner, Up to 50% of this reserve requirement may be satisfied by an irrevocable and unconditional letter of credit.

ARTICLE III **AUTHORITY AND DUTIES**

3.1 **Authority and Duties**. The Pool shall have the authority and duty to accomplish the purposes of the Pool as set forth in, and as limited by, the Trust Agreement, within the financial budget limits of the Pool, and in accordance with the procedures set forth in the Bylaws, as follows:

- (a) Employ agents, employees, and independent contractors.
- (b) Obtain by loan, purchase or lease the facilities, machinery, equipment, or personal property necessary for the carrying out of the purpose of the Pool.
- (c) Carry out educational and other programs relating to health, accident and other claims reductions.
- (d) Cause the creation of at least a Benefit Fund and a Reserve Fund and the implementation of the powers for the administration of the Pool.
- (e) Direct the collection and receipt of Contributions, including Administration Charges from Members, to be used for the provision of Benefits and the administration of the Pool.

- (f) Purchase specific stop loss and other types of conventional insurance as approved by the Board of Trustees and as available to support the Benefits to be paid by the Pool.
- (g) Prepare and approve an annual rate renewal calculation (budget) for the Pool.
- (h) Prepare a quarterly report of the financial affairs of the Pool.
- (i) Prepare and submit to each Member monthly reports of Benefit claims filed and paid pursuant to that Member's plan.
- (j) Obtain and furnish to each Member annually an audited report of the financial affairs of the Pool, made by a certified public accountant at the end of each fiscal year in accordance with generally accepted accounting principles and any applicable law.
- (k) Carry out, within the budgetary limits established by the Members, such other activities as are necessarily implied or required to carry out the purposes of the Pool under the Trust Agreement and the Bylaws.
- (l) Comply with reporting requirements of the Director.

ARTICLE IV **DURATION, COMMENCEMENT AND CYCLES**

4.1 **Formation and Continuation of Pool.** The formation of the Pool became effective, following receipt of an initial certificate of authority by the Director, execution of the Trust Agreement, and adoption of the Bylaws, at 12:01 a.m. on September 1, 2005, (the "Formation Date"). The continuation of the Pool, shifting from provision of hospital, medical, surgical or dental benefits under a MEWA, to provision of hospital, medical, surgical or dental benefits under a public employer pooled plan as permitted under the Public

Employees Health Benefit Act took effect following receipt of an initial certificate of registration by the Director, at 12:01 a.m. on January 1, 2009 (the "Effective Date"). After the formation of the Pool, the Members may, in the manner provided in Article XVII, terminate the Pool. The Pool will continue in operation until the Members act to terminate it.

4.2 **Pool Cycles**. The Pool shall conduct its business, for the purpose of determining when Members may withdraw, in initial three-year cycles. The Members thereafter may continue operation of the Pool for additional membership cycles, each of which shall be for one year. If the Board of Trustees votes to continue the term of the Pool into a new one-year cycle, then any Member which does not give sufficient notice in accordance with Section 15.1, of its withdrawal from the Pool prior to the end of its initial Membership cycle, or the then current Pool one-year cycle, whichever is applicable, shall remain a Member for at least the new one-year cycle.

4.3 **Change in Cycle**. The Board of Trustees may in any one-year cycle during the duration of the Pool extend or reduce the length of the cycle by no more than six months in order to achieve a date for the commencement of a fiscal year more in keeping with the needs of the Members.

ARTICLE V **MEMBERSHIP**

5.1 **Initial Members** **[INTENTIONALLY LEFT BLANK]**

5.2 **New Members**. A new member may join the Pool upon at least two-thirds (2/3) vote of the Board of Trustees, or upon the majority vote of the Executive

Committee, provided, however, following January 1, 2009, the Pool shall accept for membership any entity allowed to become a member under PA 106 and that applies to become a Member, agrees to make the required payments, agrees to remain in the Pool for a minimum of three years, and satisfies other reasonable provisions of the plan. New Member contributions will be set in accordance with the underwriting standards established by the Consulting/Management Firm and approved by the Board of Trustees.

5.3 **New Membership Cycles.** New Members may be admitted at any time during a fiscal year and during a one-year cycle. Any new Member shall remain a Member for a minimum of three years. If such new Member does not give sufficient notice, as provided in Section 15.1, of its withdrawal from the Pool at the end of its initial Membership cycle, such Member shall thereafter continue its Membership in the Pool until the end of the Pool's then current one-year cycle. Thereafter, Membership shall continue for each successive one-year cycle until the Member gives sufficient notice of withdrawal prior to the end of a one-year cycle in accordance with Section 15.1.

5.4 **Membership Scope of Participation.** Except as otherwise specifically provided, all Members of the Pool shall be obligated to continue as Members for the Pool's initial three-year cycle and then current one-year cycle. In addition, a Member shall only be required to provide continuing participation for those persons within such classes of employees as are actually employed or working for the Member.

ARTICLE VI **GOVERNANCE**

6.1 **Board of Trustees.** There shall be established a Board of Trustees for the Pool. The Board of Trustees shall consist of one Trustee designated by each Member of

the Pool. Each such Trustee shall be appointed by the Governing Body of the Member. The Governing Body shall also appoint an Alternate Trustee to serve as Trustee when the initial person is not available or in attendance to carry out the Trustee's duties. Not less than 50% of the Trustees, or the amount required by law, shall be persons who are covered under the pooled plan. No Trustee or Alternate Trustee shall be an owner, officer, or employee of the Third Party Administrator(s) or any other third party providing services to the Pool. Each Trustee and Alternate Trustee shall serve until replaced by action of the Governing Body or the discontinuance of employment by the Trustee or Alternate Trustee. Once appointments are made known to the Pool, the persons appointed shall remain in office until the Pool receives evidence of appointment of other persons. Evidence of proper appointment of the Trustee and Alternate Trustee shall be a certified copy of the resolution passed by such Governing Body, indicating the names of the designated Trustee and/or Alternate Trustee. Failure of a Member to designate a Trustee, or the failure of that Trustee/Alternate Trustee to participate on the Board of Trustees, shall not affect the responsibilities or duties of a Member under the Trust Agreement.

6.2 **Powers of Board of Trustees.** The Board of Trustees shall determine the general policy of the Pool, which shall be followed by the officers, agents, employees, and independent contractors employed or retained by the Pool. Among its responsibilities, the Board of Trustees shall:

- (a) appoint Pool Executive Committee.
- (b)
- (c)
- (d)
- (e) approve amendments to the Bylaws,

- (f) approve acceptance of new Members and expulsion of Members, except that the approval of new Members and expulsion of Members may also be a power of the Executive Committee,
- (g) approve and amend the annual renewal calculation (budget),
- (h) establish, and if necessary, to the full extent of the law enforce payment of the annual and supplementary contributions, including administrative charges, and other payments by Members, and for each Member, to the Benefit Fund and the various other Pool funds, and the monthly rates of such payments,
- (i) establish such rules and regulations regarding the return of funds to current members as deemedl appropriate,

6.3 **Executive Committee.** There shall be an Executive Committee. The Executive Committee shall consist of the Chairperson, Vice-Chairperson, Treasurer, Secretary, the Immediate Past Chairperson, and the chairpersons of the standing committees. The minutes of the meetings of the Executive Committee shall be available to all Trustees upon request. The Executive Committee shall have such authority, powers and duties as are granted elsewhere in these Bylaws, or as granted and except as limited by the Board of Trustees, and also except (i) amendment to the Bylaws; and (ii) approval and amendments to the annual renewal calculation (budget), Actions by the Executive Committee shall be by a majority vote of the members of the Executive Committee. Among its responsibilitiies, the Executive Committee shall:

- (a) Appoint agents, employees, or independent contractors as appropriate.
- (b) Negotiate for the Pool the terms of retention and compensation of the Consulting/Management Firm,

- (c) Set compensation for the Third Party Administrator(s) and all other persons, firms, and corporations employed or retained by the Pool,
- (d) procure fidelity bonds for employees or other persons, as required by the Bylaws or applicable law,
- (e) set authority levels, powers and duties for committees, including the authority to settle disputes and expend the funds of the Pool,
- (f) resolve disputes over the Benefit coverages of the Pool,
- (g) approve educational and other programs and procedures relating to claim reduction,
- (h) approve additional cycles for the existence of the Pool.

6.4 **Actions of the Board of Trustees; Quorum.** Each Trustee shall be entitled to one vote. All actions taken by the Board of Trustees shall be by a majority vote of a quorum consisting of a majority of the voting members, either in person or by proxy in writing in accordance with Michigan Law, of the Board of Trustees, except as where otherwise expressly provided in the Bylaws, and except for any amendment to the Bylaws, which shall require a two-thirds (2/3) vote of the total number of Trustees on the Board of Trustees.

6.5 **Meetings.** Meetings of the Board of Trustees and Executive Committee shall be as follows:

- (a) Regular meeting of the Board of Trustees shall be held as often as necessary to carry out the purposes of the Pool, but no less than two times during each fiscal year. The dates and locations of regular meetings of the Board of Trustees shall be established no later than the annual meeting. Any item of business may be considered at a regular meeting.

- (b) An annual meeting of the Board of Trustees shall be held between the beginning of the Pool fiscal year and September 30.
- (c) Regular meetings of the Executive Committee shall be held at least once per calendar quarter on a day or date and at a time agreed upon by the Executive Committee, but subject to these Bylaws. Any item of business may be considered at a regular meeting.
- (d) Special meetings of the Board of Trustees and Executive Committee may be called by the Chairperson or any three Trustees. The time and location of special meetings of the Board of Trustees and the Executive Committee shall be determined by the Chairperson, or in that person's absence, the Vice-Chairperson. Business conducted at special meetings shall be limited to those items specified in the agenda.
- (e) The Chairperson, or in that person's absence, the Vice-Chairperson, shall give at least fifteen days' written notice of the annual meeting, at least seven days written notice of regular meetings, and at least eighteen hours written notice of special meetings to the Trustees and an agenda specifying the subject of any special meeting shall accompany such notice.
- (f) Rules of Order -- To the extent not contrary to the Bylaws, and except as modified by the Board of Trustees as special rules, Roberts Rules of Order, latest edition, shall govern all meetings of the Board of Trustees and the Executive Committee.
- (g) Minutes of all regular and special meetings of the Board of Trustees and the Executive Committee shall be available to all Trustees.

6.6 **Other Committees.** The Board of Trustees or Executive Committee shall have the power to establish both standing and ad hoc committees. . The Chairperson may establish committee chairs and their membership.

ARTICLE VII **OFFICERS**

7.1 **Creation.** The Board of Trustees shall elect, from among the Trustees, a Chairperson, Vice-Chairperson, Secretary, and Treasurer. Positions shall be elected for a two-year term and officers may be re-elected no more than twice to their respective positions. The Board of Trustees may from time-to-time establish other officers as it deems necessary for the transaction of the business of the Pool, and may elect members of the Board of Trustees to serve in such offices.

7.2 **Chairperson.** The Chairperson shall preside at all meetings of the Board and the Executive Committee at which the Chairperson is present. The Chairperson shall vote on all matters that come before the Board or committee on which the Chairperson serves. The Chairperson shall be a non-voting ex-officio member of all committees of the Pool on which the Chairperson does not directly serve. The Chairperson shall have such other powers as are set forth in the Bylaws and such other powers as are granted from time-to-time by the Board of Trustees.

7.3 **Vice-Chairperson.** The Vice-Chairperson shall carry out all duties of the Chairperson during the absence or inability of the Chairperson, shall succeed to the office of Chairperson in the event of a vacancy in that office for the remainder of such term of office, and shall perform such duties and shall carry out such other functions as are assigned by the Chairperson or the Board of Trustees.

7.4 **Treasurer.** The Treasurer shall (i) maintain the financial books and records of the Pool; (ii) have charge and custody of and be responsible for all funds and securities of the Pool; (iii) receive and give all receipts for moneys due and payable to the Pool from any source whatsoever; and (iv) deposit all such moneys in the name of the Pool in such banks, savings and loan associations or other depositories as the Board of Trustees shall specifically or generally select from time to time. Provided, however, that all investments of the Pool funds shall be made only in those financial investments which may be purchased by the Members in accordance with Michigan law. The Treasurer shall perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board of Trustees.

7.5 **Secretary.** The Secretary shall record and sign the minutes of meetings, orders, resolutions and other proceedings of the Board of Trustees and the Executive Committee. The Secretary shall file and maintain, at the registered address of the Pool, the original signed counterparts of the Trust Agreement and the Bylaws, and any amendments thereto, the resolutions of Member Governing Bodies approving the Trust Agreement and the Bylaws, or designating their Trustees on the Pool Board of Trustees, and a roster of current Members and Trustees, together with copies of all other reports, books, papers and other documents of the Pool, and shall deliver them to a successor in office. Records may be maintained electronically.

7.6 **Removal and Vacancies.** Any officer may be removed by the Board of Trustees whenever, in its judgment, the business interests of the Pool will be served thereby. If a vacancy should occur in the office of Vice-Chairperson, Treasurer, Secretary

or other office established by the Board of Trustees, the Chairperson shall select a person to fill that vacancy by a temporary appointment until the Board of Trustees selects a person to fill the vacancy until the end of the predecessor's term.

ARTICLE VIII
TRUSTEE AND OFFICER DUTIES AND STANDARDS OF CONDUCT

8.1 **Standard of Care.** The Trustees and officers of the Pool shall give the attention and exercise the vigilance, diligence, care, and skill that prudent persons use in like or similar circumstances. Trustees shall be responsible for all operations of the Pool, and shall take all necessary precautions to safeguard the assets of the Pool. To the extent permitted by law, no Trustee shall be held liable for any delinquency under this section after six (6) years from the date of the delinquency, or after two (2) years from the time when the delinquency is discovered by a person complaining of the delinquency, whichever occurs sooner. The funds of the Pool shall be used to defend, and hold harmless, any Trustee or officer for actions taken by the Board or performed by the Trustee or officer within the scope of that Trustee or officer's authority for the Pool. The Pool may purchase insurance, including but not limited to errors and omissions coverage, providing liability coverage for such Trustees or officers.

8.2 **No Unlawful or Improper Interest.** A Trustee or officer of the Pool shall not knowingly and intentionally, directly or indirectly, receive any money or valuable thing for negotiating, procuring, recommending, or aiding in any purchase by or sale to the Pool or any property or any loan from the Pool, or be peculiarly interested, either as principal, co-principal, agent, or beneficiary in any such purchase, sale or loan.

8.3 **Compensation Restrictions.** The Pool shall not pay any salary, compensation, or emolument to any officer or Trustee of the Pool. Any salary, compensation, or payment of other expenses for a Trustee, shall be paid by the Member represented by that Trustee. Provided, however, that the Chairperson, and such other officers as may be previously authorized, may submit to the Executive Committee for their approval reimbursement of expenses incurred in the pursuit of their position as officers of the Pool. The reimbursement for such expenses shall include amounts advanced on behalf of the Pool either by that officer or by the Member represented as Trustee by that officer.

ARTICLE IX **ADMINISTRATION**

9.1 **Selection of Consultants, Administrators and Staff.** The Board of Trustees or Executive Committee shall select a Consulting/Management Firm to manage the Pool and underwrite the plans, as well as other services as the Board of Trustees may determine. The Board of Trustees may also assign functions of officers of the Pool to the Consulting/Management Firm. The Consulting/Management Firm shall assist the Board of Trustees in its selection of Third Party Administrators qualified pursuant to Michigan law. The Pool may also employ staff to carry out administrative functions who shall be selected by the Board of Trustees. The Board of Trustees shall determine which administrative support functions will be carried out by the Consulting/Management Firm and the Third Party Administrator(s), respectively, and which may be assigned to staff personnel. Pool contracts with the Consulting/Management Firm and the Third Party Administrator(s), respectively, and for staffing shall be reviewed by the Board of Trustees at least annually as part of the budgetary review process. Pool contracts with the Consulting/Management Firm and the Third Party Administrator(s) shall provide that such contracts may be terminated by

the Board of Trustees whenever in their judgment the business interests of the Pool will be served thereby.

9.2 **Consulting/Management Firm Duties.** Among the Consulting/Management Firm's duties may be the following:

- (a) Sign, with such other person as authorized by the Board of Trustees, any instruments which the Board of Trustees has authorized to be executed; and, in general perform all duties as may be prescribed by the Board of Trustees.
- (b) Prepare a proposed annual renewal calculation (budget) and proposed allocation and schedule of Member administration charges and Member contributions and supplemental contributions to the Benefit Fund.
- (c) As requested by the Board of Trustees, make recommendations regarding policy decisions, the creation of other Pool officers, and the employment of staff and independent contractors.
- (d) Act as a non-voting member on such standing or ad hoc committees as the Chairperson shall direct.

9.3 **Consulting/Management Firm Reports.** Periodically, but not less than quarterly, the Consulting/Management Firm shall prepare and distribute to the Board of Trustees a report on the status of the Pool. Such report shall include, but not necessarily be limited to, such items as the status of major claims; status of major projects or progress on specific objectives of the Board of Trustees; status of new Member activities; Members' compliance with claim reduction programs as set by the Board; recommendations for improvements in Pool operations; status of insurance renewal activities; and status of legislation which may influence Pool operations.

9.4 **Consulting/Management Firm and Third Party Administrator Bonds.**

The Consulting/Management Firm and the Third Party Administrator(s) shall each deliver to the Pool a fidelity bond in an amount approved by the Michigan Director of the Department of Insurance and Financial Services to protect against the misappropriation or misuse of any money handled by the Consulting/Management Firm or the Third Party Administrator(s).

9.5 **Other Bonding and Fidelity Insurance.** The Pool shall purchase a blanket fidelity bond in an amount to be determined by the Board of Trustees to assure the fidelity of all officers and employees of the Pool who have authority to receive or authorize by their signature or order the payment, transfer or investment of Pool funds. Additional fidelity and similar coverages, as determined by the Board of Trustees, may be procured by the Pool.

9.6 **Administrative Charges to Members.** The cost of administering the Pool shall be charged to each Member in direct proportion of the number of Participants covered by such Member whose Benefits are to be administered by the Pool to the total numbers of such Participants served by the Pool. Member payments for administrative charges shall be paid into the Benefit Fund as part of contributions, and Pool payments to cover its administrative expenses shall be paid from the Benefit Fund.

9.7 **Legal Counsel.** The Pool may employ legal counsel to represent the Pool in actions brought for or against the Pool and to render other legal services for the welfare of the Pool. The Board of Trustees or the Executive Committee may consult with counsel concerning any questions or matters which may arise with reference to the duties and powers of either body or on any other matter with reference to the Bylaws or the Pool.

The opinion of such counsel shall be given full and complete authorization and protection in respect to any action taken or by the Board of Trustees or the Executive Committee under the Bylaws in good faith in accordance with the opinion of such attorney, and the Board of Trustees and the Executive Committee shall not be liable therefor.

9.8 **Registered Address.** The registered address of the Pool shall be:

Western Michigan Health Insurance Pool (PEPP)
c/o Gallagher Benefit Services of Michigan, Inc.

300 Ottawa NW, Suite 301
Grand Rapids, Michigan 49503-2308

As provided in Section 7.5, the Secretary shall be responsible for maintaining all Pool documents, records and papers at the registered address of the Pool

ARTICLE X **THE BENEFIT FUND AND POOL FINANCES**

10.1 **Fiscal Year.** The fiscal year of the Pool shall commence on July 1 and end on June 30 of each year, or such other fiscal year as the Board of Trustees may establish.

10.2 **Single Benefit Fund.** The Benefit Fund will be administered for each fiscal year as a single fund without regard to the amount of Benefit payments made to the Participants of a particular Member.

10.3 **Plan Year Contributions.** At the close of each plan year an accounting will take place to determine whether the Participants listed by each Member have received total Benefit payments in excess of the actuarially predetermined claim cost for such Member.

This information will be made available to the Board of Trustees. Member contributions into the Benefit Fund will be determined in the following manner:

- (a) At least 90 days prior to the start of each plan year, the Consulting/Management Firm shall determine, on the basis of actuarial data, the amount of total contributions from Members necessary to fund anticipated benefit payments, the cost of excess and other insurance required by the Board of Trustees in accordance with the Bylaws, plus sufficient sums to maintain the Reserve Fund.
- (b) The Consulting/Management Firm shall recommend how this total amount for Benefits and insurance should be divided among the Members. In the usual course the Consulting/Management Firm shall recommend Member contributions for the next plan year utilizing the rate protection formula included in the annual renewal calculation (budget). However, at the request of the Board of Trustees and in accordance with reasonable standards directed by the Board of Trustees, the Consulting/Management Firm may, in the alternative, recommend a different division among Members of the total contributions necessary for the subsequent plan year.
- (c) Any alternate to the rate protection formula will be included in the annual renewal calculation (budget) and voted upon by the board. (d) The Board of Trustees, at least forty-five days prior to the start of each plan year, will approve Member contributions for the next plan year. A failure of the Board of Trustees to so approve Member contributions shall not invalidate such action taken at a later date, provided that no Member shall have less than fifteen days' prior notice of contributions due the Pool as a result of such delayed action.

10.4 **Supplementary Contributions.**

- (a) If during or for any fiscal year, the funds on hand in the Benefit Fund are not sufficient to pay benefits, or other costs of the Pool which are not covered by administrative charges to Members, then:
 - (1) The Board of Trustees shall first utilize the Unreserved Net Assets (formerly "Free Surplus Fund") and if such fund is not sufficient, the Board of Trustees shall require supplementary contributions.
 - (2) The supplementary contributions to be paid by Members shall be computed utilizing the same method for that fiscal year under which contributions by Members were required to be paid into the Benefit Fund. To the extent that supplementary contributions are to be utilized to pay benefits, they shall be distributed in the order in which claims are received and approved for payment by the Third Party Administrator(s).
 - (3) If, after all amounts in the Unreserved Net Assets (formerly "Free Surplus Fund") are exhausted, and supplementary contributions have been called for and not fully received, the Pool may loan sums from the Reserve Fund, but only up to the amount expected to be received from the call for supplementary contributions. When the supplementary contributions are received, the Reserve Fund shall be promptly credited with the amount necessary to repay the loan.
- (b) For purposes of this Section 10.4, "costs of the Pool" may include the Pool's obligation to reimburse the issuer of any Letter of Credit for all amounts drawn under it.

10.5 **Required Contributions**. During any plan year, a Member shall only be required to make contributions into the Benefit Fund for those Participants within those covered classes established at the beginning of each month of such fiscal year who are from time to time employed by the Member.

ARTICLE XI **PLAN OF BENEFITS**

11.1 **Plan of Benefits**. A Member may, if more than one Plan is offered by the Pool, change its Plan, or adopt an additional Plan. The Pool shall be notified of such new or additional Plan not less than thirty days prior to its effective date, and any such change shall subject the Member to a redetermination on an actuarial basis of its contributions to the Pool. The Consulting/Management Firm shall determine the amount of contributions increase or decrease resulting from such change.

ARTICLE XII **EXCESS INSURANCE**

12.1 **Excess Insurance**. The Board of Trustees shall cause to be purchased excess insurance (or "excess loss coverage" under Act 350, Michigan Public Acts of 1980) from a company and in an amount approved by the Director. For each fiscal year, the amounts and types of excess insurance (or "excess loss coverage" under Act 350, Michigan Public Acts of 1980) shall be, subject to any prior review requirements of the Director, established by the Board of Trustees at the time the amounts of Member contributions into the Benefit Fund for such year are established and approved by the Board of Trustees.

12.2 **Additional Insurance.** The Board of Trustees, acting as a purchasing group, may cause to be purchased fully-insured life insurance and long term disability insurance for Member's Participants from companies qualified to provide such insurance in Michigan, but never as a pooled or insured product of the Pool itself. The Board of Trustees may purchase other insurance as it deems necessary to carry out the purposes of the Pool. The Pool, through the distribution of the minutes of the Board of Trustees or through other means, shall inform all Members of the scope and amount of insurance in force from time to time. Membership in the Pool shall not preclude any Member from purchasing any insurance coverage above those amounts purchased by the Pool or providing insurance or self-insurance for benefits not included in the Plan or Plans of Benefits approved by the Board of Trustees. The Pool shall, through the Consulting/Management Firm, advise Members of the types of additional or different benefits or insurance coverage available to the Members.

ARTICLE XIII **OBLIGATIONS OF MEMBERS**

13.1 **Obligations of Members.** In addition to obligations of Members stated elsewhere in the Bylaws and the Trust Agreement, the obligations of Members shall be as follows:

- (a) To pay promptly all contributions, including administrative charges and supplemental contributions and any other payments due to the Pool at such times and in such amounts as shall be established by the Board of Trustees in accordance with the Bylaws. Any delinquent payments shall be paid with an interest charge, the rate for which shall be determined by the Board of Trustees.

- (b) To designate a Trustee to serve on the Board of Trustees and an Alternate Trustee.
- (c) To allow the Pool reasonable access to all facilities of the Member and all records including, but not limited to, financial records which relate to the purpose or powers of the Pool.
- (d) To allow legal counsel employed by the Pool to represent the Member in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the Member within the scope of loss protection furnished by the Pool.
- (e) To furnish full cooperation with the Pool's legal counsel and any agent, employee, officer, or independent contractor of the Pool relating to the purpose and powers of the Pool.
- (f) To report to the Pool as promptly as possible all claims made to it within its Plan of Benefits as administered by the Pool.
- (g) To provide through the Pool all benefits which the Pool requires its Members to so provide, and to furnish the Consulting/Management Firm with a copy of changes to its Plan of Benefits, which are permitted by the Bylaws, at least thirty days prior to the effective date of such change.
- (h) To promptly notify all of its Plan participants of any withdrawal or expulsion of such Member from the Pool.
- (i) In the event that the Pool is required to expend funds for administrative, legal or other costs arising from the failure of the Member to make annual contributions, including administrative charges and supplemental contributions, and all other payments owed the Pool, including costs for the legal enforcement of payment thereof, such amounts expended by the Pool

for such costs, including attorneys' fees, litigation costs and other fees or charges, shall be added to the Member payments due the Pool and shall be payable by the Member.

ARTICLE XIV **DISPUTES OVER COVERAGE**

14.1 **Dispute of Pool Decision.** Except to the extent that an appeal to, or review by, the Executive Committee has already occurred under the Plan itself or applicable law, any Participant in any Plan who has been denied a benefit, or feels aggrieved by any action taken by or on behalf of the Pool, and who has exhausted the appeals procedure under the terms of such Plan, shall be entitled to request a review by the Executive Committee of any denial or action taken by or on behalf of the Pool. All such requests shall be made, in writing, within thirty (30) days from the date a written denial has been issued by the entity administering claims on behalf of the Pool. The request for such appeal shall be made to the Board Chair and shall state the reason(s) supporting the allegation that the claim was interpreted incorrectly or resulted in an improper denial of payment. Any supporting documentation or comments must be provided. No dispute shall be considered by the Executive Committee unless the Participant complies with this requirement.

The Executive Committee shall review the action taken, and based on the provisions of such Plan, may uphold, reject or modify the action taken and shall render its final decision with respect thereto within thirty (30) days of the receipt of such request and such decision shall thereupon be promptly communicated, in writing, to the Participant. Subject to the applicable law, the decision of the Executive Committee shall be final.

ARTICLE XV
WITHDRAWAL OF MEMBERS

15.1 **Withdrawal of Members**. Any Member of the Pool which has completed the initial three-year cycle or a subsequent one-year cycle may withdraw from Membership by giving written notice of such intention to withdraw to the Chairperson and to the Consulting/Management Firm at least thirty days prior to January 1. Any Member which withdraws from the Pool shall not be considered for re-admission to membership for at least three years after it has withdrawn.

15.2 **Benefit Claims of Withdrawing Member**. If a Member properly withdraws from the Pool in the manner authorized by the Bylaws, and is not in financial arrears, the Pool shall pay properly presented benefit claims of the withdrawing Member, which were incurred prior to the withdrawal date, and not previously paid, excluding amounts paid or to be paid by specific stop loss insurance

15.3 **Obligations of Withdrawing Members, Including Expelled Members**. Under no circumstances shall a withdrawing Member or expelled Member be entitled to a refund of any payment made to the Pool for any reason. All withdrawing or expelled Members shall remain fully obligated for their portion of all expenses of and claims against the Pool incurred during the period of their Membership. Amounts owed by a withdrawing Member or expelled Member shall be immediately due and payable and shall, if delinquent more than fifteen days, be payable with interest as provided in Section 13.1 (a).

ARTICLE XVI
EXPULSION OF MEMBERS

16.1 **Basis of Expulsion.** By the vote of two-thirds (2/3) of the total number of Trustees on the Board of Trustees if a hearing is requested, or by the vote of at least two-thirds (2/3) of the Executive Committee if no hearing is requested, any Member may be expelled for failure to fulfill any obligation of that Member under the Bylaws and the Trust Agreement.

16.2 **Process of Expulsion.** A Member may be expelled from the Pool for failure to comply with these Bylaws or for nonpayment. The Executive Committee must first provide written notice of the alleged failure, along with a reasonable opportunity of not less than thirty days to cure the alleged failure. The notice shall specify that the Member shall be expelled unless the failure is cured and the date upon which expulsion shall occur if no hearing is requested.

The Member may request a hearing before the Board of Trustees. Such request must be made in writing and received by the Board of Trustees before expiration of the time to cure.

The date for a requested hearing will be set by the Chairperson, who shall set a Board of Trustees meeting for such purpose. The date for a hearing shall not be less than seven days after the expiration of the time to cure has passed.

A decision by the Board of Trustees under this Section shall be final unless a court determines that the Board of Trustees has committed a gross abuse of discretion.

The Board of Trustees may effectuate the expulsion of a Member under this Section at any time not less than sixty days after the vote expelling the Member has been made. If the expulsion is for a failure to make payments due to the Pool, the effective date of the expulsion may be at any time after the vote expelling the Member. If the date of expulsion is less than sixty days before the beginning of the next fiscal year, the date of expulsion

may be at the end of the fiscal year. If the expulsion vote or subsequent action of the Board of Trustees does not state the time at which the expulsion shall take place, such expulsion shall take place sixty days after the vote expelling the Member, or at the beginning of the next fiscal year, whichever date is sooner.

16.3 **Cessation of Benefits.** The Pool shall have no obligation with respect to claims incurred under the Plan of an expelled Member after the effective date of such expulsion. The obligation of the Pool to administer claims incurred under the Plan of an expelled Member prior to the effective date of expulsion shall continue for such claims as may have been or may be properly filed under the Plan, provided that if payment of such claim results in the expelled Member having a debit balance in the Benefit Fund, the expelled Member shall promptly reimburse the Benefit Fund the amount of such debit balance. Within one hundred twenty days after the filing of the last claim of an expelled Member which the Pool is obligated to pay, a final accounting of funds shall occur and any amount determined to be owed by the expelled Member shall be immediately paid into the Benefit Fund by the expelled Member, and shall it be delinquent more than fifteen days, be payable with interest as provided in Section 13.1(a).

16.4 **Fulfillment of Incurred Obligations.** After expulsion, the former Member shall continue to be fully obligated for all obligations which were created during the term of its Membership as if it were still a Member of the Pool. The expelled Member shall, after expulsion, no longer be entitled to participate or vote on the Board of Trustees.

ARTICLE XVII

TERMINATION OF POOL

17.1 **Events of Termination.** If the withdrawal of Members prior to the start of any one-year cycle shall reduce the number of covered Participants of the remaining Members, and any new Members legally committed to Membership for the next one-year cycle, to less than 400 persons, the Pool shall, except for winding up its affairs, cease its operations at the end of the then-concluding fiscal year. If, during any fiscal year, the number of covered Participants and officers should be reduced to below 300 persons, any Member may call a special meeting to discuss the feasibility of terminating the Pool prior to the close of that fiscal year.

17.2 **Winding Up.** In the event the Board of Trustees approves termination of the Pool, the Board of Trustees shall continue to meet on such a schedule as shall be necessary to carry out the winding up of the affairs of the Pool. After all valid claims of the Pool have been paid and all administrative expenses have been paid, any remaining funds in any account shall be distributed to those Members of the Pool which continued to be Members upon termination, which had been Members for at least five years, and which have submitted to the Pool assurances satisfactory to the Pool that such distributed funds shall be dedicated to hospital, medical, surgical or dental benefits for its Participants and their beneficiaries. Payments shall be made to those Members in proportion to their contributions to the Pool.

ARTICLE XVIII **BYLAWS CONSTITUTE CONTRACT AMONG MEMBERS**

18.1 **Contractual Obligations.** The Bylaws, together with the Trust Agreement, of which the Bylaws are an integral part, shall constitute an intergovernmental contract among the Members of the Pool in accordance with Act 35. The obligations and responsibilities of

the Members set forth herein, including the obligation to take no action inconsistent with the Bylaws or the Trust Agreement of which the Bylaws are in integral part, as either may be amended, shall be a continuing obligation and responsibility of each Member. Each Member and its Governing Body acknowledges that its contractual obligations as set forth in the Bylaws may be modified by amendments to the Bylaws by the Board of Trustees. The terms of the Bylaws and the Trust Agreement of which the Bylaws are an integral part, may be enforced in a court of law by the Pool. The consideration for the duties herewith imposed upon the Members to take certain actions and to refrain from certain other actions shall be based upon the mutual promises and agreements of the Members set forth herein.

18.2 **Evidence of Contract and Amendment.** The Bylaws, either original or as amended, may be executed in duplicate originals or counterparts by sufficient Trustees for their amendment, or additionally, the Bylaws as amended may be evidenced by such amendments to the Bylaws approved by the Board of Trustees as certified by the Secretary, with the date of Director approval.

18.3 **Limited Liability of Other Members.** Except to the extent of the limited financial payments or contributions, including administrative charges and supplemental contributions, to the Pool itself, as expressly agreed to in the Bylaws, no Member agrees or contracts to be held responsible for any claims in tort or contract made against the Pool itself (a separate legal entity) or any other Member. The Members intend in the creation of the Pool to establish an organization for intergovernmental self-insurance only within the scope herein set out and have not herein created as between Member and Member any relationship of surety, indemnification, or responsibility for the debts or claims against any Member.

ARTICLE XIX
MISCELLANEOUS

19.1 **Notice.** All notices, bills, or other communications required or permitted by the Bylaws shall be in writing and shall be deemed to have been given on the day of service if served personally, or on the business day after delivery to the United States Post Office for regular mail service, and addressed, if to a Member, to the head of the Member's public body, and/or the Trustee designated by, that Member at the address listed with the signature, or such other address of which the Member provides notice, and if to the Pool, then to:

Western Michigan Health Insurance Pool (PEPP)
c/o Gallagher Benefit Services of Michigan, Inc.
300 Ottawa NW, Suite 301
Grand Rapids, Michigan 49503-2308

19.2 **Validity.** If any provision of the Trust Agreement, including the Bylaws, shall be determined to be unconstitutional or invalid under state statutes, the remainder of the Trust Agreement, including the Bylaws, shall not be affected thereby.

19.3 **Operative Effect.** The Bylaws and any amendment thereto shall be filed with and approved by the Director before becoming operative.

IN WITNESS WHEREOF, the approval and adoption of these Bylaws by the Board of Trustees with respect to its PEPP is evidenced by the attached certificate of the Secretary of the Pool indicating such approval, and the date thereof, by not less than two-thirds (2/3) of the total number of Trustees on the Board of Trustees, and the date of their approval by the Michigan Director of the Department of Insurance and Financial Services

WEST MICHIGAN HEALTH INSURANCE POOL
AMENDED TRUST AGREEMENT

This Amended Agreement and Declaration of Trust ("Trust Agreement") is made by and among each of the individual trustees identified in attached Schedule A (each a "Trustee" and collectively the "Trustees"), and those school districts presently to be Members of the West Michigan Health Insurance Pool, also listed in Schedule A, by whom the Trustees were respectively appointed, for the purpose of forming and operating the West Michigan Health Insurance Pool.

PREMISES

A. Act 35, Michigan Public Acts, 1951, as amended, §§ 5-12b; MCL, §§ 124.5-124.12b ("Act 35"), authorizes Michigan school districts and other defined municipal corporations to establish a group self-insurance pool, for the provision of hospital, medical, surgical and dental benefits for Member employees and their dependents, and acting as a purchasing group, for the purchase of fully-insured basic life and long-term disability coverage for Member employees (but never as pooled or insured products of the Pool itself).

B. Act 35 authorizes the establishment of the pool as a separate legal entity for purposes of effectuating such insurance.

C. Act 35 further provides that any school districts' group self-insurance pool may provide hospital, medical, surgical or dental benefits under a multiple employer welfare arrangement ("MEWA") pursuant to Chapter 70 of the Michigan Insurance Code, MCL §§ 500.7001 – 500.7090, or under a Public Employer Pooled Plan ("PEPP") pursuant to the Public Employees Health Benefit Act, MCL §§ 124.71 – 124.85.

D. Pursuant to such power and authority, to provide hospital, medical, surgical and dental benefits for Member employees and their dependents, and, acting as a purchasing group, to purchase fully-insured basic life and long-term disability coverage for Member employees (but never, as pooled or insured products of the Pool itself), the Trustees and the Members have determined to make this Trust Agreement which will establish the West Michigan Health Insurance Pool (the "Pool") as a trust entity a for the purpose of receiving, protecting and disbursing the moneys of the Pool.

NOW, THEREFORE, the Trustees and Members do hereby covenant and agree as follows:

ARTICLE I
CREATION AND NAME OF THE TRUST

There is hereby established and created a trust which shall be known as the "West Michigan Health Insurance Pool" (hereafter referenced herein as the "Trust") and its Trustees may hold property, enter into contracts, and in all matters as hereinafter set forth transact business on behalf of the Trust only in the name "West Michigan Health Insurance Pool," except that the Trust may add appropriate prefixes or suffixes to its name for purposes of distinguishing filings with the Michigan Commissioner of the Office of Financial and Insurance Regulation, or accounts or funding sources, by insurance plan or program. The Trust and the Trust funds shall be used only for the purposes as hereinafter set forth.

ARTICLE II

PURPOSE

This Trust Agreement is made and executed for the purpose of forming as a separate trust entity for the provision of hospital, medial, surgical and dental benefits, and life and disability for Member employees and their dependents, and for the purchase, as a purchasing group, of fully-insured basic life and long-term disability coverage for Member employees (but never as pooled or insured products of the Pool itself), or defraying the reasonable expenses of administering the Trust, and for pooling, holding and administering Members' contributed funds solely for this purpose.

Trust Assets shall never inure to the benefit of any Member, and in the event of termination of the Trust, Trust assets shall be distributed in accordance with Section 17.2 of the Bylaws (hereafter identified), including its provision that Members receiving such assets upon termination assure dedication of such assets for hospital, medical, surgical or dental benefits for its employees and their beneficiaries.

ARTICLE III

POWERS OF THE TRUST

The Trust shall have power:

- a) To have succession by its name for a term which shall be in perpetuity, except for earlier termination in accordance with the Bylaws, and except in the event the rule against perpetuity is applicable. If such rule is applicable, then this Trust shall terminate at the expiration of 21 years after the death of the last survivor of the Trustees who are listed in Exhibit A and who have signed this Declaration of Trust.

- b) To sue and be sued, complain and defend, in any court of law or equity or to be a party to any proceedings before any board or commission or other public body of the State of Michigan or any other state or

government. Suits at law may be maintained by the Trust against any Member for any cause relating to the business of the Trust.

c) To have a seal which may be altered at pleasure, and to use the seal by causing it or a facsimile of the seal to be impressed or affixed or reproduced, or otherwise.

d) To appoint such officers and agents (including Executive Committee) as the business of the Trust shall require and to allow them suitable compensation.

e) To make, alter, amend, and repeal bylaws for the regulation and government of Trust affairs.

f) To conduct its business in the State of Michigan, other states, the District of Columbia, the territories and colonies of the United States and in foreign countries and the territories and colonies thereof, and have one or more officers out of the State of Michigan, and to acquire, purchase, hold, mortgage, pledge, assign, transfer and convey real and personal property out of the State of Michigan subject to applicable Michigan and federal law.

ARTICLE IV **THE MEMBERS**

The names and business addresses of the present Members of the Trust are set forth in Schedule A. The rights and obligations of Members are as provided in the Bylaws. New Members may be admitted to the Trust and Members may resign or shall be expelled in accordance with the Bylaws.

ARTICLE V
BOARD OF TRUSTEES

The powers of the Trust shall be exercised by the Board of Trustees consisting of one trustee appointed by each Member, with equal vote in person, or by alternate or proxy. The current Board of Trustees is set forth in Schedule A.

Other provisions concerning the powers and duties of the Trustees, their manner of governance, their qualifications for office, and the method of their appointment, replacement or removal, and all related matters, shall be as set forth in the Bylaws.

ARTICLE VI
BYLAWS

As part of the process of concluding its existing MEWA plan and establishing a PEPP plan, the Board of Trustees shall adopt the PEPP Bylaws set forth in Schedule B-PEPP, and by this reference such PEPP Bylaws are incorporated into this Trust Agreement as an integral part hereof. The PEPP Bylaws shall provide for the governance, finance and administration of the Western Michigan Health Insurance Pool (PEPP) with respect to the PEPP plan, but the Board of Trustees may continue to use the Bylaws previously adopted with respect to its MEWA plan (the "MEWA Bylaws" as set forth in Schedule B-MEWA, and incorporated herein as an integral part hereof), particularly for all claims for benefits still pending for payment following conclusion of the MEWA, and for all other matters and transaction related to the MEWA. Subject to prior filing with, and approval by, the Michigan Commissioner of the Office of Financial and Insurance Regulation, the Board of Trustees may from time to time subsequently amend the PEPP Bylaws and/or the MEWA Bylaws in accordance with their terms, which amended PEPP Bylaws and/or MEWA Bylaws shall be contractually binding upon the respective Members.

ARTICLE VII
RULES AND REGULATIONS

The Board of Trustees may prescribe such rules and regulations as may, in their judgment and discretion, be proper and necessary for the sound and efficient administration of the Trust, provided however, that the rules and regulations shall not be inconsistent with the terms of this Trust Agreement, the Bylaws, or applicable Michigan or federal law.

ARTICLE VIII
SITUS AND RESIDENT AGENT

The situs of the Trust is in the State of Michigan, and all questions concerning the validity, construction and administration of the Trust shall be determined in accordance with Michigan law. Gallagher Benefits Services of Michigan, Inc. (Consulting/Management Firm to the Trust), attention: Douglas Derks, 161 Ottawa NW, Suite 112, Grand Rapids, Michigan 49503, shall be the resident agent of the Trust for purposes of service of process.

ARTICLE IX
OPERATIVE EFFECT

This Trust Agreement, and any amendment thereto by all continuing Members of the Trust, and any amendment to the Bylaws, shall be filed with and approved by the Michigan Commissioner of the Office of Financial and Insurance Regulation before becoming operative.

IN WITNESS WHEREOF, this Trust Agreement has been executed on its Schedule A by the Trustees and the identified Members of the Trust acting through their respectively appointed Trustees.

SCHEDULE A

Member Districts

Trustees and Signatures

Allendale Public Schools
6561 Lake Michigan St.
Allendale, MI 49401

DAVID VANDER WALK
[Print]

Date: 11/11/08


[Signature]

Caledonia Community Schools
203 Main Street
Caledonia, MI 49316

RONALD L. ARCHER
[Print]

Date: 11-11-08


[Signature]

Comstock Public Schools
3010 Gull Road
Kalamazoo, MI 49048

Todd D. Mora
[Print]

Date: 11/11/08


[Signature]

Comstock Park Public Schools
101 School Street NE
Comstock Park, MI 49321

Ethan Ebenstein
[Print]

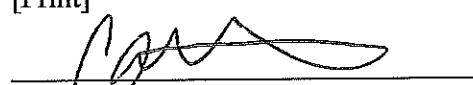
Date: 11/11/08


[Signature]

Coopersville Area Schools
198 East Street
Coopersville, MI 49404

CATHERINE L. KUOSKA
[Print]

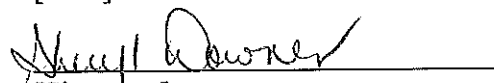
Date: 11/17/08


[Signature]

Delton Kellogg Public Schools
327 North Grove Street
Delton, MI 49046

Sheryl Downer
[Print]

Date: 11/17/08


[Signature]

East Grand Rapids Public Schools
2915 Hall Street
East Grand Rapids, MI 49056

KEVIN PHILLIPS

[Print]

Kevin Phillips

[Signature]

Date: 11/11/08

Fennville Area Schools
5 Memorial Drive
Fennville, MI 49408

Dirk Weeldreyer

[Print]

Dirk Weeldreyer

[Signature]

Date: 11/11/08

Gobles Public Schools
409 N. State Street
Gobles, MI 49055

Amy J Christman

[Print]

Amy J Christman

[Signature]

Date: 11/17/08

Godfrey Lee Public Schools
963 Joosten Street SW
Wyoming, MI 49509

Roxanne Claxton

[Print]

Roxanne Claxton

[Signature]

Date: 11-11-08

Grand Haven Area Public Schools
1415 South Beech Street
Grand Haven, MI 49417

Dottie Bishop

[Print]

Dottie Bishop

[Signature]

Date: 12/08

Grand Rapids Community College
143 Bostwick Ave. NE
Grand Rapids, MI 49503

ROBERT PARTRIDGE

[Print]

Robert Partridge

[Signature]

Date: 11/11/08

Hudsonville Public Schools
3886 Van Buren Street
Hudsonville, MI 49418

Brian Meek

[Print]

Brian Meek

[Signature]

Date: 11/1/08

Kent City Community Schools
200 Clover Street
Kent City, MI 49330

Steven Lampe
[Print]
Steve Lampe
[Signature]

Date: 11/11/08

Kent ISD
2930 Knapp Street, NE
Grand Rapids, MI 49525-4518

Mike Hagerly
[Print]
Mike Hagerly
[Signature]

Date: 11-11-08

Lowell Area Schools
300 High Street
Lowell, MI 49331

John Zielinski
[Print]
John Zielinski
[Signature]

Date: 11-11-08

Muskegon Reeths Puffer Schools
991 W. Giles Street
Muskegon, MI 49445

Frank J. Verhoven
[Print]
Frank J. Verhoven
[Signature]

Date: 11/11/08

Ottawa Area ISD
13565 Port Sheldon Road
Holland, MI 49424

Darrie Burkett
[Print]
Darrie Burkett
[Signature]

Date: 11/11/08

Rockford Public Schools
350 N. Main Street
Rockford, MI 49341

MTCB CONDO
[Print]

Date: 11/10/08

[Signature]
[Signature]

South Haven Public Schools
554 Green Street
South Haven, MI 49090

Robin C. Mock
[Print]

Date: 11-11-08

Robin C. Mock
[Signature]

Spring Lake Public Schools
345 Hammond Street
Spring Lake, MI 49456

Debra A. Miller
[Print]

Date: 11/17/08

Debra A. Miller
[Signature]

Thornapple Kellogg School
10051 Green Lake Road
Middleville, MI 49333

Christine Marcy
[Print]

Date: 11.11.08

Christine Marcy
[Signature]

Van Buren ISD
490 South Paw Paw Street
Lawrence, MI 49064

Barbara Matthews
[Print]

Date: 12-3-08

Barbara Matthews
[Signature]

Vicksburg Community Schools
301 S. Kalamazoo Street
Vicksburg, MI 49097

STEPHEN GOSS
[Print]

Date: 11/10/2008

Stephen Goss
[Signature]

Wayland Union Schools
500 100th Street SW
Byron Center, MI 49315

James M. English
[Print]

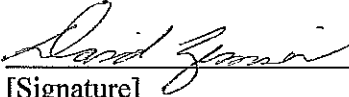
Date: 11/11/08

[Signature]
[Signature]

West Ottawa Public Schools
1138 136th Street
Holland, MI 49424

David Zimmer
[Print]

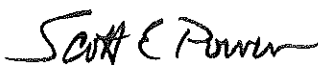
Date: 11-11-08


[Signature]

Wyoming Public Schools
3575 Gladiola, SW
Wyoming, MI 49509

SCOTT E. POWERS
[Print]

Date: 11/11/08


[Signature]

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Newaygo County
RESA

Jamie Carnes
Jamie Carnes

11/11/08