

ORDINANCE NO. 202

AN ORDINANCE OF THE TOWNSHIP OF MIDDLE SMITHFIELD, MONROE COUNTY
PENNSYLVANIA, AMENDING THE CODE OF THE TOWNSHIP OF MIDDLE
SMITHFIELD BY ADDING A CHAPTER 70, UNEMPLOYMENT COMPENSATION, TO
PART I, ADMINISTRATIVE LEGISLATION

WHEREAS, the Board of Supervisors ("Board") of the Township of Middle Smithfield ("Township") has heretofore adopted a comprehensive compilation of ordinances of the Township entitled the "Code of the Township of Middle Smithfield" (the "Code"); and

WHEREAS, any and all additions, amendments, deletions, or supplements to the Code, when passed and adopted in such form as to indicate the intention of the Board to be a part thereof, shall be deemed to be incorporated into such Code so that reference to the Code shall be understood and intended to include such changes; and

WHEREAS, whenever such additions, amendments, deletions, or supplements to the Code shall be adopted, they shall thereafter be printed and, as provided hereunder, inserted in the post-bound book containing said Code as amendments and supplements thereto; and

WHEREAS, the Intergovernmental Cooperation Law, Act of December 19, 1996, P.L. 1158, No. 177, found at 53 Pa. C. S. § 2301 et seq., provides that two or more municipalities within the Commonwealth may jointly cooperate in the exercise or performance of their governmental functions, powers, or responsibilities; and

WHEREAS, the Pennsylvania State Association of Township Supervisors ("PSATS") Unemployment Compensation Group Trust (the "Trust"), originally established in 1980, exists as an intergovernmental cooperative arrangement of municipalities to provide townships and certain other permitted governmental employers of Pennsylvania with a vehicle to pool resources and jointly leverage buying power to develop and maintain unemployment compensation insurance coverage; and

WHEREAS, the governing Declaration and Agreement of Trust for the Trust has been comprehensively updated, amended and restated effective July 16, 2014 (hereinafter "Restated Trust Agreement"); and

WHEREAS, pursuant to the Restated Trust Agreement any municipality wishing to commence participation in the Trust, or continue participation in the Trust after July 16, 2014, is required to take formal action in the form of an enacted ordinance in which the municipality agrees to participate in the Trust in accordance with the amended and updated terms of the Restated Trust Agreement; and

WHEREAS, Section 1507 of the Second Class Township Code, located at 53 P.S. § 66507, entitled "Intergovernmental cooperation", authorizes the Board of Supervisors, upon the passage of an ordinance, to make agreements with other municipal corporations in performing governmental powers, duties, and functions; and

WHEREAS, the Board of Supervisors of the Middle Smithfield Township has determined that it is in the best interest of the Township to participate in the Trust in accordance with the terms of the Restated Trust Agreement and to agree to and join in such Restated Trust Agreement; and

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Board of Supervisors of Middle Smithfield Township, Monroe County, Pennsylvania, and it is hereby ordained and enacted by the authority of the same, to wit:

SECTION 1: AMENDMENT TO THE CODE OF THE TOWNSHIP.

The Code of the Township of Middle Smithfield is hereby amended by adding a Chapter 70, Unemployment Compensation, to Part I, Administrative Legislation, as follows:

CHAPTER 70

UNEMPLOYMENT COMPENSATION

§ 70-1. Authorization of the Participation of Middle Smithfield Township in the PSATS Unemployment Compensation Group Trust.

A. The Board of Supervisors hereby authorizes the Township's participation in the PSATS Unemployment Compensation Group Trust and adopts, and approves the execution of, the Restated Trust Agreement, marked as Exhibit "A", attached hereto and incorporated herein by reference, and any other agreements necessary for the Township's participation in the Trust.

The Restated Trust Agreement is on file for inspection and review at the Township Municipal Building. The Restated Trust Agreement may be subsequently modified or amended in accordance with its terms, but in no event shall such modifications or amendments divert any of the trust funds from the purposes of the Trust. The Township may withdraw from the Trust in accordance with the Restated Trust Agreement, including if the Board of Supervisors determines the modifications or amendments are not in the best interests of the Township.

B. The participation of the Township in the Trust is authorized for the purpose of pooling resources for the purpose of providing unemployment compensation insurance for Participating Employers at reasonable cost.

C. As set forth in greater detail in the Restated Trust Agreement and as otherwise stated herein, the following conditions apply to the participation of the Township in the Trust:

1. That each Participating Employer must meet the admission and eligibility requirements set forth therein;

2. That each Participating Employer agrees to pay all contributions when due as provided in the Restated Trust Agreement or as otherwise established by the Board of Trustees; and

3. That each Participating Employer complies with all other conditions of the Restated Trust Agreement.

D. The Township agrees to participate in the Trust and may withdraw for any reason and in accordance with the Restated Trust Agreement provided that it has fulfilled all its financial obligations to the Trust upon withdrawal.

E. The effective date of the Township's agreement to and joinder in the Restated Trust Agreement and the participation of the Township in the Trust pursuant to the terms of the Restated Trust Agreement will be the same as the effective date of the Ordinance authorizing the Township's participation in the Restated Trust Agreement, or January 31, 2015, whichever is earlier.

F. Each Participating Employer delegates to the Board of Trustees the powers enumerated in the Restated Trust Agreement.

G. The organizational structure of the Trust shall consist of a Board of Trustees. Under the Restated Trust Agreement, the Board of Trustees is authorized to, among other things, enter into contracts with third parties to perform various services necessary for the administration of the Trust.

H. The funds required for the operation of the Trust shall be provided by the Participating Employers through scheduled appropriations as determined by the Board of Trustees.

I. The Trust is empowered to enter into contracts for policies of group insurance and employee benefits, including Social Security, for employees of the Trust, if any.

J. As a condition of participating in the Trust, the Township agrees to comply with all of the terms and conditions in the Restated Trust Agreement.

K. The Board of Supervisors of the Township is hereby authorized to take any and all such other actions as may be necessary or appropriate to carry out the purposes of this Ordinance and comply with the requirements of the attached Restated Trust Agreement and any duly adopted amendments thereto.

L. The duration of the term of the Township's participation in the Trust and obligations under the Restated Trust Agreement shall continue until withdrawal from the Trust by the Township in accordance with the terms of the Restated Trust Agreement.

M. The Board of Supervisors hereby specifically finds and determines as follows:

1. The conditions of the intergovernmental cooperative agreement are set forth in the Restated Trust Agreement incorporated by reference herein.

2. The Township shall participate in the Trust in accordance with the Restated Trust Agreement until it

withdraws by giving notice to the Board of Trustees in accordance with the terms of the Restated Trust Agreement.

3. The purpose and objectives of the intergovernmental cooperative arrangement, including powers and scope of authority delegated to the Board of Trustees, are set forth in the incorporated Restated Trust Agreement.

4. The manner and extent of financing of the agreement are that (i) funds to implement the Township's obligations under the agreement shall come from the normal and usual budgeted amounts for Township employee compensation and employee benefits and (ii) no borrowing is anticipated to be required.

5. The Trust shall be managed by the Board of Trustees pursuant to the terms of the Restated Trust Agreement.

6. All assets and property, real or personal, of the Trust shall be titled to, acquired, managed, licensed or disposed of by the Trust, and its Board of Trustees, in accordance with the terms of the Restated Trust Agreement.

7. The Trust in accordance with the Restated Trust Agreement shall be empowered to enter into contracts for policies of group insurance and employee welfare benefits to be offered to Participating Employers for their eligible employee and dependents.

SECTION 2: SEVERABILITY.

The provisions of this Ordinance are severable, and in the event that any provision is held invalid, void, illegal, unconstitutional or unenforceable, it is the intent of the Board that such determination by the Court shall not affect or render void the remaining provisions of this Ordinance. It is the declared intent of the Board that this Ordinance would have been enacted if any provision subsequently declared to be void, invalid, illegal, unconstitutional, or unenforceable had not been included at the time of enactment.

SECTION 3: REPEALER; INTERPRETATION.

All Ordinances or parts of Ordinances inconsistent with this Ordinance are hereby repealed insofar, but only insofar, as the

same are inconsistent herewith; provided, however, nothing in this Ordinance shall be interpreted to affect any rights or liabilities of the Township, or to affect any cause of action, existing prior to the enactment of this Ordinance.

SECTION 4: EFFECTIVE DATE.

This Ordinance shall take effect five (5) days after the date of its enactment.

SECTION 5: AUTHORITY.

This Ordinance is being enacted pursuant to the provisions of the Pennsylvania Intergovernmental Cooperation Law, Act of July 12, 1972, No. 180, as amended, 53 Pa.C.S. §§ 2301, et seq.

[REMAINDER INTENTIONALLY LEFT BLANK]

ORDAINED AND ENACTED at a regular meeting of the Board of Supervisors of Middle Smithfield Township, Monroe County, Pennsylvania, this 22nd day of January, 2015.

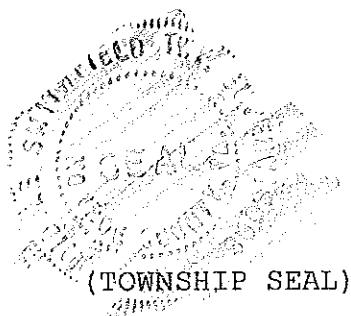
TOWNSHIP OF MIDDLE SMITHFIELD
BOARD OF SUPERVISORS

Deanne O'leeson
Chairperson

Mark J. O'Byrne
Vice Chairperson

Matthew Mancuso
Supervisor

Michelle S. Clewell
Township Secretary



(TOWNSHIP SEAL)

EXHIBIT "A" TO ORDINANCE

(attached hereto)

**AMENDED AND RESTATED DECLARATION AND AGREEMENT OF TRUST
OF THE PSATS UNEMPLOYMENT COMPENSATION GROUP TRUST**

Effective this 16th day of July 2014, THIS AMENDED AND RESTATED
DECLARATION AND AGREEMENT OF TRUST ("Trust Agreement") is unanimously
entered into and adopted by the Board of Trustees of the PSATS UNEMPLOYMENT
COMPENSATION GROUP TRUST.

WITNESSETH

WHEREAS, the Trust (as defined below) was originally established by Declaration and
Agreement of Trust of November 17, 1980, entered into by and between South Buffalo
Township, Armstrong County, Pennsylvania, Franklin Township, York County, Pennsylvania,
and East Hempfield Township, Lancaster County, Pennsylvania, political subdivisions of the
Commonwealth of Pennsylvania, as settors, and H. Robert Daws, Edwin R. Hill, and Bruce E.
Henry, as original Trustees, as an intergovernmental cooperative arrangement to provide for a
group unemployment compensation trust and assist participating Townships in dealing with and
minimizing costs with respect to unemployment compensation claims of Township employees;
and

WHEREAS, the Trust, as amended and restated herein, is intended to continue to provide
the Townships of the Commonwealth of Pennsylvania, certain other permitted political
subdivisions of the Commonwealth of Pennsylvania, and the Association (as defined below) with
a vehicle to pool resources to provide for unemployment compensation obligations in a cost
effective manner; and

WHEREAS, it is the intent of the Trustees and Participants (as defined below) that the
Trust perform an essential governmental function within the meaning of Section 115 of the IRC
(as defined below); and

WHEREAS, the Board of Trustees is empowered pursuant to the Declaration and Agreement of Trust of November 17, 1980, as amended, including Article VIII, Section 4 thereof, to amend the Declaration and Agreement of Trust; and

WHEREAS, it is the desire of the Board of Trustees to comprehensively update, amend and restate the Declaration of Trust and Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and intending to be legally bound, the Board of Trustees hereby unanimously adopts this Amended and Restated Declaration and Agreement of Trust, effective July 16, 2014, as follows:

ARTICLE I DEFINITIONS

1. Defined Terms. Unless the context otherwise requires, capitalized terms used in this Trust Agreement but not otherwise defined herein shall have the respective meanings set forth in this Section:

- a. The term "Agreement" or "Trust Agreement" shall mean this Restated Declaration and Agreement of Trust, and any further duly adopted amendments thereto.
- b. The term "Association" or "PSATS" shall mean the statutorily created non-profit unincorporated association acting in the interests of Pennsylvania Townships of the Second Class and their respective township supervisors, township secretaries, township treasurers, township managers, or comparable representatives of home rule or optional plan townships, and secretaries of county associations of township supervisors, organized in 1921 and operating thereafter pursuant to authorizing legislation, currently, as reenacted and amended, at 53 P.S. § 66402, known as the Pennsylvania State Association of Township Supervisors.

c. The term "Custodian" shall mean a bank or corporation with whom the Board of Trustees has entered into a written agreement under which the Custodian serves as custodian of Trust assets and carries out orders of the Board of Trustees or its Investment Manager, if any, concerning the handling of investments or sale or purchase of investments.

d. The term "Investment Manager" shall mean a person or entity who is registered as an investment adviser or with the Pennsylvania Securities Commission or registered under the Investment Advisers Act of 1940, who is a bank as defined in that Act, or who is an insurance company qualified by the laws of Pennsylvania to manage, acquire, or dispose of an asset of an employee benefit plan, who has acknowledged in writing that he, she, or it is a fiduciary with respect to the Trust and with whom the Board of Trustees has entered into a written agreement giving the person authority to manage, acquire, or dispose of any Trust assets.

e. The term "IRC" shall mean the Internal Revenue Code of 1986, as now or hereafter amended, or successor legislation thereto.

f. The term "Third Party Administrator" shall mean a person or entity retained as a service provider by the Board of Trustees to perform certain bookkeeping, accounting, administrative, collection, reporting, and related functions.

g. The term "Executive Board" shall mean the Executive Board of PSATS.

h. The term "Participating Township" or "Participant" shall include any township organized under the laws of the Commonwealth of Pennsylvania, including home rule townships, and the Association, any of which now or later agrees to and joins

in the terms of this Trust Agreement and meets all other requirements set forth in the Trust Agreement for participation in the Trust.

i. The "Trust" shall be known as the "PSATS Unemployment Compensation Group Trust."

j. The term "Trustees" or "Board of Trustees" as used herein shall mean the Trustees of this Trust acting from time to time hereunder.

ARTICLE II CREATION OF TRUST

1. The parties hereby create a Trust for the purpose of managing and administering Participants' unemployment compensation responsibilities.

2. Participants shall pay the Trustees, in trust, such amounts as the Trustees shall from time to time deem necessary and appropriate to satisfy the purposes of the Trust. The frequency and due dates and administrative procedures for contributions to the Trust shall be determined by the Trustees. Collection procedures and policies, including rules concerning late fees, shall be determined by the Trustees.

3. Trustees shall receive, hold and administer Participants' payments as a trust fund ("Trust Fund") for the purpose of managing the unemployment compensation responsibilities of Participants in accordance with the terms and conditions of this Agreement.

4. All funds received by the Trustees hereunder as part of this Trust Fund shall be used and applied in the following manner and for the following purposes:

a) To pay the organizational and operational expenses of this Trust and all expenses involved in the collection of Participants' contributions and the administration of this Trust.

- b) To establish and maintain as part of the Trust Fund a reserve fund for the purpose of minimizing the amount of contributions required for unemployment compensation payments by Participants and the administration of the Trust.
- c) To make refunds to Participants at such times and in such manner as may be deemed by the Trustees to be proper.

The Trustees shall establish such annual contribution rates as the Trustees deem reasonable and necessary to provide for the obligations provided in this Agreement.

5. Prohibition Against Private Inurement. No activities shall be carried on by the Trust that would not be permitted to be conducted by an entity whose income is exempt from taxation under Section 115 of the IRC and regulations thereunder, or successor legislation or regulations. No part of the assets or the earnings of the Trust shall inure to the benefit of any Trustee or any private individual (except to the extent that reasonable compensation may be lawfully paid to service providers acting on behalf of the Trust, or in the event that the Trustee or individual is an unemployed individual entitled to unemployment compensation benefits vis-à-vis the Participating Township and this Trust, to the extent of such unemployment compensation benefits payable in accordance with the terms of the Trust and the statute), and no Trustee or private individual shall be entitled to share in the distribution of any assets or property of the Trust upon dissolution. The Trust shall not engage in any activities attempting to influence legislation or engage in any activities relating to any political campaign on behalf of any candidate for public office.

6. Title to Trust Assets. All property and assets of the Trust shall be vested in and titled to the Trust, or to the Trustees as fiduciaries of the Trust.

7. Duration of Trust. This Trust is intended to be perpetual in duration except in the event that the Trust is terminated in accordance with Article VIII of this Trust Agreement.

8. Trust Irrevocable. Subject to the provisions of this Trust Agreement in Article IX (relating to the amendment of this Trust Agreement) and Article VIII (relating to the dissolution of the Trust), the Trust is expressly declared irrevocable, and may only be terminated by the merger, dissolution or liquidation of the Trust in accordance with the terms of this Trust Agreement.

9. Any funds held by the Trustees hereunder may, in their discretion, be invested or reinvested as the Trustees shall see fit, provided that such investment or reinvestment complies with applicable state and federal laws and regulations. Without limiting the foregoing, such investments or reinvestments shall be consistent with restrictions, if any, applicable to the Trust regarding authorized types of investments for Townships of the Second Class under 53 P.S. § 68204, or successor legislation, or any more restrictive statutory limitations on types of investments, if any, applicable to the Trust. To the fullest extent permitted by law, the Trustees shall not be liable to Participants or any person having any interest in the Trust for any losses that may result from the making of any such investments or otherwise, except as a result of the Trustee's own gross negligence or intentional wrongdoing.

10. No Participant or former Participant or any person claiming by or through such Participant or former Participant, shall have any right, title or interest in or to the Trust Fund or any part thereof except as expressly provided herein.

ARTICLE III BOARD OF TRUSTEES

1. Board of Trustees. The Trust shall be governed by a board known as the Board of Trustees. The Board of Trustees shall elect from its members a Chairman, Treasurer, Secretary and such other officers as it deems advisable. Any number of offices may be held by the same person.
2. Number of Trustees. The reconstituted Board of Trustees as of the effective date of the restatement of this Trust Agreement shall number three (3) Trustees and shall be made up of the individuals who are listed in Paragraph (a) of Section 3 of this Article III (collectively referred to as the "Current Named Trustees"), and each of the listed Current Named Trustees shall hold office until the date of the expiration of his term set forth therein or until he sooner resigns, is removed or becomes disqualified, or unless reelected to a subsequent term. One (1) day after the effective date of the restatement of this Trust Agreement, the size of the Board of Trustees shall be expanded to five (5) Trustees, and the additional Trustees to become members of the Board of Trustees as of that date shall be the individuals who are listed in Paragraph (b) in Section 3 of this Article III (collectively referred to as the "Additional Named Trustees"), and each of the listed Additional Named Trustees shall hold office until the date of the expiration of his term as set forth therein or until he sooner resigns, is removed, or is disqualified, or unless elected to a subsequent term. The Board of Trustees by a two-thirds vote shall thereafter have authority to (a) determine the number of Trustees to constitute the Board of Trustees, but beginning one (1) day after the effective date of the Trust Agreement, such number shall not be less than five (5), and (b) fix the terms of office of the Trustees and classify the Trustees with

respect to the time for which they shall severally hold office. There will be no limit on the number of successive terms a Trustee may serve.

3. Named Trustees.

- a) Current Named Trustees. The current Trustees of the reconstituted Board of Trustees as of the effective date of the restatement of this Trust Agreement are, and shall be, Jack Walter, whose term shall expire at midnight on the last day of December 2015; William Gloves, whose term shall expire at midnight on the last day of December 2015; and Edward Goodhart, III, whose term shall expire at midnight on the last day of December 2016.
- b) Additional Named Trustees. Effective one (1) day after the effective date of the restatement of this Trust Agreement, John Haiko shall become a Trustee, and his term shall expire at midnight on the last day of December 2017; and Michael Dennehy, Jr. shall become a Trustee, and his term shall expire at midnight on the last day of December 2017.
- c) Successor Trustees. Thereafter, each Trustee shall be elected for a term of three (3) years, except that when there is a vacancy prior to the expiration of a Trustee's term, such vacancy shall be filled for the unexpired term.

4. Election of Successor Trustees. With respect to vacancies on the reconstituted

Board of Trustees due to the natural expiration of the term of a sitting Trustee or due to an increase in the size of the Board of Trustees, the successor (or additional) Trustee shall be elected or reelected for a term of three (3) years by the Participating Townships. Nominations for a Trustee shall be solicited by the Board of Trustees from the Executive Board of the

Association not less than four (4) weeks before a scheduled expiration of a term of a current Trustee, with a due date for nominations to be received by the Board of Trustees at least two (2) weeks before any election. Participating Townships may also submit nominations at least four (4) weeks before any election. In order to be eligible to be nominated, or to serve, as a successor Trustee, the individual must be an elected or appointed individual of a Township who is serving such Township in the capacity of a Township supervisor or comparable representative of a home rule or optional plans Township, or in the capacity of a Township secretary, treasurer or manager. A list of all nominees and ballot forms shall be circulated to all Participating Townships and a date for the close of submission of ballots as determined by the Board of Trustees shall be provided in writing by the Board of Trustees to each Participating Township. Each Participating Township shall for the purpose of electing Trustees have one (1) vote per vacancy. In the event of a vacancy in the office of Trustee prior to the expiration of the term, whether by reason of death, resignation, removal, disqualification, or otherwise, prior to the natural expiration of a term, the successor Trustee shall be such person as may be selected by a majority of the remaining members of the Board of Trustees. In the event that there are no remaining sitting Trustees, nominations for successor Trustees shall be made, and solicited from Participating Township, by the Executive Board of the Association, or failing such action by the Association, may be made and solicited by any Participating Township, and the election of Trustees shall be held in the manner provided above with respect to the election of a Trustee at the natural expiration of a term, except that nominations and ballots shall be sent to the Executive Board of the Association in the absence of any sitting Trustees for the Association to perform the ministerial non-discretionary tasks of collecting and counting ballots and notifying Participating Townships with respect to results. In the event that more than one Trustee vacancy

is being filled at the same time, each Participating Township shall have one (1) vote for each vacancy, which votes may be cast however desired by the Participating Township, including by casting all votes for one nominee.

5. Acceptance of Position. The said Additional Named Trustees provided for in Section 3(b) of this Article III, and any successor Trustee appointed or elected hereunder, shall execute and deliver to the Trustees a written instrument accepting such appointment and thereupon such successor Trustee shall become vested with all the property, rights, powers and duties of the Trustees hereunder with like effect as if originally named as a Current Named Trustee.

6. Resignation; Disqualification. Any Trustee acting hereunder may resign at any time by giving thirty (30) days' notice in writing to the Secretary of the Board of Trustees, with a courtesy copy to the Executive Director of the Association. In addition, except with respect to the Current Named Trustees and the Additional Named Trustees provided for in Paragraphs (a) and (b) of Section 3 of this Article III during their initial stated terms as set forth therein (but not with respect to any terms thereafter), which named Trustees shall be considered to be grandfathered for such initial terms, any Trustee shall immediately cease to be eligible to continue serving as a Trustee in the event, and effective on the date, that the individual ceases to be a Township supervisor or comparable representative of a home rule or optional plans Township, or a Township secretary, treasurer or manager of a Township, and the Trustee's position shall be deemed to become vacant as of that date.

7. Removal. Any Trustee acting hereunder may be removed from office at any time by an instrument in writing duly signed by a majority of Participating Townships. When removing a Trustee under this provision, Participating Townships may, concurrent therewith, fill

the vacancy by a vote of a majority, but if this is not done the vacancy shall be filled as provided in Section 4 of this Article.

8. Transfer at End of Term. Any Trustee who for any reason ceases to act hereunder shall make and execute any and all papers and documents necessary to transfer any investments, insurance policy(ies), funds, books, records, and other property of the Trust to the Trustees continuing to act hereunder. Without limiting the foregoing, each departing Trustee shall promptly turn over to the Board of Trustees any and all Trust assets, records, books, documents, money, and other property in their possession or under their control which belong to the Trust, or which were received by the Trustee in his or her fiduciary or other capacity, and if requested by the departing Trustee, shall be provided by the Board of Trustees with a receipt for such returned items.

9. Actions and Meetings

- a) Regular Meetings. Regular meetings of the Board of Trustees shall be held at such times as the Board of Trustees may designate. Notice of regular meetings need not be given.
- b) Special Meetings. Special meetings of the Board of Trustees may be called at any time by the Chairman and shall be called by him on the written request of one third of the Trustees. Notice (which need not be written) of the time and place of each special meeting shall be given to each Trustee at least two (2) days before the meeting.
- c) Quorum. A majority of all the Trustees in office shall constitute a quorum for the transaction of business at any meeting and except as otherwise provided herein the acts of a majority of the Trustees present at any

meeting at which a quorum is present shall be the acts of the Board of Trustees.

- d) Participation by Alternative Means. Trustees may participate in a meeting of the Board of Trustees by means of telephone conference, video conference, or similar communications equipment by means of which all persons participating in the meeting can hear each other and engage in debate.
- e) Written Consent in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the Board of Trustees may be taken without a meeting upon the unanimous written consent to action of the Trustees.
- f) Partial Written Consent in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the Board of Trustees may be taken without a meeting upon the consent in writing of Trustees who would have been able to cast the minimum number of votes that would be necessary to authorize the action at a meeting of the Board of Trustees at which all the Trustees were present and voting provided that all Trustees waive in writing ten (10) days' prior written notice of meeting or action. Any action required or permitted to be taken at a meeting of the Board of Trustees may also be taken without a meeting and without the written agreement of all Trustees to waive ten (10) days' prior written notice of meeting or action upon the consent in writing of Trustees who would have been able to cast the minimum number of votes that would be necessary to authorize the action at a meeting of the Board of Trustees at which all the

Trustees were present and voting provided that such non-unanimous action of the Board of Trustees shall not become effective until after ten (10) days' notice of the action has been given to each Trustee.

10. No Compensation. The Trustees shall receive no compensation for the performance of their duties, but they shall be reimbursed for all reasonable and necessary expenses which they may incur in the performance of their duties.

11. Indemnification; Insurance. The Trust shall indemnify, to the fullest extent permitted by law, any present or former Trustee or officer or employee, if any, of the Trust (an "Indemnitee") who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that (s)he is or was a Trustee, officer, or employee of the Trust or is or was serving at the request of the Trust as a representative of the Trust, against claims, losses, expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him/her in connection with the action or proceeding. The Trust may, to the extent determined to be appropriate by the Board of Trustees in its discretion, acquire such insurances, including but not limited to fiduciary insurance and errors and omissions insurance, to provide indemnity and cost of defense to the Trustees, officers and employees, if any, of the Trust, or other Indemnitees determined by the Trustees to be appropriate, to the full extent permitted by law, and to expend the assets of the Trust for the payment of the premiums therefor.

12. Fidelity Bonding. All Trustees or employees of the Trust shall be bonded by a surety company duly licensed and authorized to issue a fidelity bond in the Commonwealth of Pennsylvania in such amount as the Trustees shall determine from time to time, provided,

however, that if any applicable law requires a fidelity bond to be in place, the bond procured by the Trustees shall at least satisfy the minimum requirements of any such law.

ARTICLE IV POWERS AND DUTIES OF TRUSTEES

1. Authority. Except as otherwise provided in this restated Trust Agreement, the Trustees shall have exclusive power to carry out the purposes of the Trust, including but not limited to the investment of the Trust's funds and assets. The Trustees shall at all times act as a Board of Trustees. No individual Trustee shall have the power to bind the Trust. Any action duly taken by the Board of Trustees under this Trust Agreement shall bind the Trust. Persons dealing with the Trust are entitled to rely conclusively on the power and authority of the Trustees as set forth in this Trust Agreement.

2. Fiduciary Duties.

- a) Except to the extent expressly provided otherwise in this Trust Agreement, the Trustees shall owe the same minimum fiduciary duties to the Trust and beneficiaries thereof consistent with the standards under the Probate, Estates and Fiduciaries Code, 20 Pa. C.S. § 101 *et seq.*, to the extent it may be applicable, or consistent with any greater standards as may be required under any other federal or State law that is, or that in the future may be, directly applicable to the Trust and its operations.
- b) The Trustees shall not be personally liable to any person for any obligation of the Trust.

3. Ethical Standards. The Trustees shall in connection with the Trust conduct themselves consistently with the Pennsylvania State Ethics Act and with any Code of Conduct or ethical standards adopted by the Board of Trustees.

4. Capacity of Trustees. Except as expressly provided herein, all actions performed by the Trustees pursuant to this Trust Agreement are performed in the capacity of a Trustee and not in an individual capacity.

5. Limitation on Trustees' Liability. Except as otherwise provided by law, a Trustee shall not be personally liable for monetary damages as such for any action taken, or failure to take any action, unless:

- a) The Trustee has breached or failed to perform the fiduciary duties of his office as provided in this Trust Agreement or applicable law regulating the fiduciary duties of a Trustee of this Trust; or
- b) The breach or failure to perform constitutes self-dealing, willful misconduct or gross negligence.

6. Investment Policies. The Trustees shall from time to time adopt appropriate investment policies and/or guidelines.

7. Annual Audit/Records. The Trustees shall maintain true and accurate books of account and records of all the Trust's transactions which shall be audited at least annually by a certified public accountant. Such audits and records be open to authorized representatives of Participating Townships. The Trustees shall provide to Participating Townships, at least annually, a summary report of the Trust's finances.

8. Specific Duties and Services. The Trust and Trustees will perform the following services and be subject to the following obligations:

- a) Administer unemployment compensation matters for each Participant in accordance with the conditions set forth in this Trust Agreement or that

may be established by the Trustees in accordance with this Trust

Agreement.

- b) Pay all the operational and administrative costs incurred by the Trust and attributable to the unemployment compensation program administered by the Trust.
- c) Pay all unemployment compensation claims properly assessed against Participants out of available trust funds.
- d) Provide regular periodic accounting to Participants for the operation of the unemployment compensation pool.
- e) Furnish appropriate reporting forms to members.
- f) Provide information and/or training so that Participants may effectively administer unemployment compensation claims and programs.
- g) Establish from time to time the rate of contribution for each Participant.

The Trustees may, in their discretion, establish a system of graduated contribution rates and divided rates applicable to Participants according to their respective loss experiences.

13. The Trustees shall not have any liability with respect to the nonpayment of contributions by Participants, nor shall the Trustees have any obligations to enforce payment of contributions by Participants except as herein provided.

14. The Trustees shall receive no compensation for the performance of their duties, but they shall be reimbursed for all reasonable and necessary expenses which they may incur in the performance of their duties.

15. The Trustees may employ such agents and professional and support personnel as may be appropriate or necessary for the administration of the Trust.

16. No Trustee acting hereunder shall be liable for any action taken or omitted by him or her in good faith, nor for any act or omission of any Participant or any agent, employee or attorney selected by the Trustees with reasonable care, nor for any act or omission of any other Trustee.

ARTICLE V OBLIGATIONS OF PARTICIPANTS

1. Each Participant shall make timely contributions to the Trust on the due dates set by the Trustees at such rates as may from time to time be set by the Trustees. A late fee of 15% of any unpaid contribution or unpaid portion thereof shall be assessed on each Participant on contributions unpaid after their respective due dates; such late fee charge shall not exceed \$100 per covered employee per quarterly contribution. Additionally, a late interest charge per month (or fraction thereof) shall be assessed at the rate of one percent (1%) upon any contribution outstanding more than thirty (30) days past its due date.

2. Each Participant shall acknowledge the statutory provisions set forth in the Pennsylvania Unemployment Compensation Law, 43 P.S. § 909, as amended, as made applicable to political subdivision employers under 43 P.S. § 913, as amended, relative to the payment obligations of employers that are members of group accounts within the meaning of these provisions. The Participating Townships hereby obligate themselves to the contributions described in this Agreement. However, if in any quarter the funds available within the Trust Fund are insufficient to pay the unemployment compensation benefit obligations of Participants, then said excess benefit obligations shall be paid by Participants in accordance with the following formula:

Each Participant shall in addition to the regular annual contribution be liable for a payment in an amount that bears the same ratio to the total excess benefit obligation as the total wages paid for service in employment by such Participant during that quarter bear to the total wages paid for services by all Participants during the same quarter.

3. Each Participant shall:

- a) Provide quarterly (or at such other interval set by the Trustees), on a form to be furnished by the Trustees, payroll information and numbers of employees.
- b) Promptly complete fully and accurately and return to the Bureau of Employment Security any and all claims forms required to be completed by Participants.
- c) Promptly forward to the Trustees legible photocopies of any and all completed claims forms received by Participants relating to unemployment compensation claims for employees or former employees.
- d) Authorize the Trustees to represent Participants before the Bureau of Employment Security for the Commonwealth of Pennsylvania in the following matters:
 - i. The presenting of forms completed by Participants as necessary;

- ii. The presenting of claims for refund or adjustment of account, employer's protest of benefit claims, and information relative thereto;
- iii. The payment of all unemployment compensation claims properly assessed against Participants out of available Trust funds;
- iv. The obtaining of account information;
- v. The discussion of any or all of the foregoing with the proper officials of the Bureau of Employment Security of the Commonwealth of Pennsylvania.

4. Each Participant shall exercise due diligence and care to reduce, to the extent practicable, unemployment compensation claims arising from Participant, to cooperate with the Trustees in claims management, and to undertake claims defense in all appropriate circumstances.

ARTICLE VI PARTICIPATION

1. Pennsylvania Townships, and the Association, to the extent meeting the requirements of the Trust Agreement, shall be eligible for participation and shall not be denied Participant status unless the Trustees determine that the inclusion of such employer has been or will be detrimental to the Trust Fund and/or to the interests of the existing Participants of the Trust or unless such Township is not then a member in good standing with the Association or fails to adopt an Ordinance or join in and abide by this Trust Agreement as required herein.

2. Any Pennsylvania Township and the Association may elect to become a party to this Agreement and a Participant in the Trust by adopting this Agreement in conformance with

all applicable federal and state laws, including, but not limited to, the Pennsylvania Intergovernmental Cooperation Law, 53 Pa. C.S. § 2301 *et seq.*, and by executing and delivering to the Trustees an election of participation statement that provides as follows:

Township, _____ County, Pennsylvania, elects to participate in the unemployment compensation trust established for the benefit of Townships and Association and their respective employees, and agrees to all of the terms and conditions of the Trust Agreement, as amended and restated, _____, 201_____, and as it may be amended from time to time. The Participant Township understands and agrees that the Trust may be amended from time to time by the Trustees without consent or approval of the Participants, but all Participants will be notified of any such amendment.

The Township (is/ is not) presently paying its unemployment compensation costs on the reimbursement of costs basis. This Township acknowledges that any Participant in the Trust presently paying its unemployment compensation costs on the reimbursement of costs basis shall be liable, in addition to the annual contribution rates established by the Trustees, for assessment of any unemployment compensation costs against it occurring during the first calendar year that the Township is a Participant in the Trust.

Township, _____ County

SIGNATURE: _____

TITLE: _____

3. Adoption of Ordinance. To the extent that the Pennsylvania Intergovernmental Cooperation Law, or any successor legislation, is applicable to a governmental employer that desires to participate in the Trust, such employer, as a condition for participating, or continuing participation, in the Trust and being a Participating Township for the purposes of this Trust Agreement, shall through its governing body, duly pass an ordinance substantially in the form attached hereto as Appendix A or in such other form as is approved by the Board of Trustees, and shall provide a certified copy of such enacted ordinance with the Board of Trustees. For Participants of the Trust as of the effective date of this restatement of the Trust Agreement, updated ordinances in such format shall be duly passed, with certified copies provided to the

Board of Trustees, by no later than December, 2015. In the event that a Township participating in the Trust as of the effective date of this restatement fails to pass and deliver a certified copy of the ordinance by December 31, 2015, the Board of Trustees thereafter may, in its discretion, terminate the participation of such Township upon ninety (90) days prior written notice notwithstanding any other provision of the Trust Agreement.

4. Any Township that, at the time immediately preceding its election to participate in this Trust, made its unemployment compensation payments on a reimbursement of costs basis rather than contributory basis, in addition to quarterly contributions to this Trust required under Article V of the Agreement, shall be liable for assessment for any unemployment compensation costs against it occurring during the first calendar year that the Township is a Participant in this Trust.

ARTICLE VII CLAIMS

In the event of any unemployment compensation claims arising against any Participant in this Trust, the Trust and Trustees shall not be obligated to incur any effort or cost involved in representing the Participant at any hearing or court proceeding arising out of said claim. However, the Trustees may in their discretion provide consultation or other services to Participants relative to the investigation and contesting of claims pursuant to separate agreements between Trustees and Participants.

ARTICLE VIII TERMINATION

1. Each Participant shall remain a Participant in this Trust Agreement for an initial twenty-four (24) month period beginning January 1 of the first year that the Township is a Participant in this Trust, as determined by the effective date noted on the Acknowledgment of

Election issued by the Trust. Each Participant shall automatically continue to participate in this Trust thereafter on the basis of renewal terms of two (2) years each. A Participant may discontinue participation only at the completion of each biennial renewal term. A Participant desiring to discontinue participating in the Trust shall give the Trustees written notice of its intent to discontinue at least ninety (90) days prior to the biennial renewal date.

2. The Trustees by a two-third vote may terminate this Trust. In any such event, the Trustees shall use the funds available in the Trust Fund to pay any and all obligations of the Trust. Should the Trust Fund be insufficient to pay such obligations, the Participants as of the effective date of the termination will contribute an amount sufficient to cover any such deficiency; said amount to be determined on the same pro-rata basis as provided in Article V, Section 2 hereof. Should there be a surplus in the Trust Fund after the payment of all obligations, such surplus shall be distributed by the Trustees to the Participants at the time of termination in proportion to the amount of annual contribution paid by each such Participating Township during the twelve (12) months immediately preceding termination. Upon termination of this Trust, the Trustees shall nevertheless continue as such for the purpose of dissolution and may take any action necessary or appropriate to that purpose.

3. The Trustees may terminate the participation of any one or more Participants if it is determined by the Trustees that (a) said Participant is delinquent in making the payments required by the provisions of this Trust; or (b) said Participant has followed practices relative to or affecting unemployment compensation that renders its continued participation in the Trust detrimental to the purposes of this Trust, the Trust Fund and/or the interests of other Participants in this Trust; or (c) said Participant is not a member in good standing with the Association.

4. All rights and interests of any Participants in this Agreement or in any trust asset shall terminate and lapse as of the effective date of termination of its participation in this Trust Agreement. Neither the Trust nor the Trustees shall be liable for any unemployment compensation benefit or related costs occurring or falling due for payment subsequent to the date of termination of a Township's participation. Such former Participant shall reimburse the Trust for any unemployment compensation claims which the Trust is required to pay on behalf of the Township subsequent to the date of termination.

5. Townships whose participation shall terminate (other than in connection with the termination of the Trust as a whole) as herein provided, and all employees of such employers, shall thereupon forfeit all rights to and interests in this Trust and its funds and assets, and shall have no claim against the Trustees for any part of the trust funds or assets of the Trust, and all such funds and assets shall be held by the Trustees for and on behalf of the Participating Townships remaining in the Trust.

ARTICLE IX MISCELLANEOUS

1. The Trustees agree to furnish to the Executive Board from time to time reports respecting the status of the fund, applications of the Trust Funds received from Participants and the benefits paid thereunder.

2. This Trust is accepted by the Trustees in the Commonwealth of Pennsylvania and all questions pertaining to its validity, construction and administration shall be determined in accordance with the laws of that Commonwealth.

3. This Trust Agreement may be amended by action of two-thirds of the Trustees; provided that no such amendment shall alter the basic nature or purpose of this Trust Agreement.

IN WITNESS WHEREOF, the undersigned, being all of the duly appointed or elected members of the Board of Trustees of the PSATS Unemployment Compensation Group Trust as of the following effective date, set their hands and seals, and adopt this Amended and Restated Declaration and Agreement of Trust effective July 16, 2014.

Board of Trustees of the PSATS Unemployment Compensation Group Trust

Jack Walter
Jack Walter, Trustee

William Groves, Trustee

Edward Goodhart, III, Trustee

IN WITNESS WHEREOF, the undersigned, being all of the duly appointed or elected members of the Board of Trustees of the PSATS Unemployment Compensation Group Trust as of the following effective date, set their hands and seals, and adopt this Amended and Restated Declaration and Agreement of Trust effective July 16, 2014.

Board of Trustees of the PSATS Unemployment Compensation Group Trust

Jack Walter, Trustee

William Groves

William Groves, Trustee

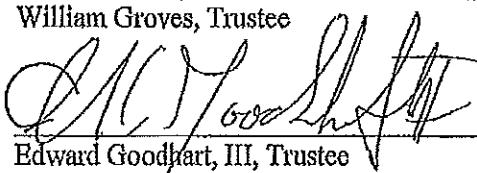
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