

CITY OF WESTFIELD
HEALTH INSURANCE TRUST
AGREEMENT

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CITY OF WESTFIELD
HEALTH INSURANCE TRUST
AGREEMENT

The City of Westfield Health Insurance Trust Agreement (the "Agreement"), dated as of December 18, 2003, is made by the City of Westfield (the "City") and may be amended from time to time.

WITNESSETH:

All capitalized terms in these Recitals shall have the meanings set forth in Section 1.01 of this Agreement.

WHEREAS, the City desires to provide health benefits to its employees and retirees by self-insuring for employee and retiree health benefits for the purpose of controlling the cost of the health benefits provided to those employees and retirees and their dependents; and

WHEREAS, Massachusetts General Laws Chapter 32B, Section 3A authorized the City to create a claims trust fund for the purpose of providing employee health benefits; and

WHEREAS, Contributions will be paid from time to time by the transfer of funds from the Health Insurance Budget Account to the Health Insurance Trust, which Contributions will be held by the Trustees in trust for the exclusive benefits of the City, its employees and retirees in the Trust, and from which Contributions the Trustees will pay health insurance benefits to Subscribers and Qualified Dependents; and

WHEREAS, employee contributions are deposited directly into the Health Insurance Trust; and

WHEREAS, the City desires the Trustees to collect, receive, hold, invest, reinvest, manage, dispose of, distribute and otherwise administer the Contributions paid hereunder by the City for Coverage and to pay health benefits to Subscribers and Qualified Dependents on behalf of the City, and the Trustees have indicated their willingness to do so, all pursuant to the terms of this Agreement; and

WHEREAS, the Trustees and the City desire to establish the terms and conditions under which the Trust shall be operated:

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the City does hereby give and assign in trust the sums of money paid from time to time by the Health Insurance Budget Account, the employee Contributions, and all income and profits therefrom to the Trustees for the purposed set forth in this Agreement and the Trustees hereby accept the trusts herein contained and the sums of money paid from time to time by the Health Insurance Budget Account, the employee Contributions, and all income and profits therefrom to the Trustees for the purposed set forth in this Agreement and the Trustees hereby accept the trusts herein contained and the sums of money paid from time to time by the Health Insurance Budget Account to the Trustees for the purposed set forth in this Agreement and declare that they will administer, manage, collect, receive, dispose of and distribute such Trust property for the benefit of the City as hereinafter provided, the City agreeing to abide by the terms and covenants contained in this agreement as follows:

ARTICLE I DEFINITIONS

1.01 Definitions

The terms defined in this Section and in the preambles hereto (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Agreement and of any amendment or supplement hereto shall have the respective meanings specified in this Section 1.01 or said preambles.

"Administrator" means the Personnel Director, who is responsible for the daily activities of the Trust.

"Agreement" means this Health Insurance Trust Agreement, as set forth herein and as amended or restated from time to time.

"Assessment" means the amount charged to the Health Insurance Budget Account pursuant to Section 7.03 of this Agreement to satisfy any deficit in the Trust in any Trust Year.

"Contribution" means that sum or sums of money determined by the Trustees pursuant to Section 8.01 or 8.02 hereof and charged to the City for the coverage provided hereunder to each Subscriber of the City. When used in this Agreement, "Contribution" shall be deemed to refer to the total Contribution payable by the City, or to any component thereof, as the context requires.

"Coverage" means the health benefits provided to Subscribers and Qualified Dependents pursuant to and in accordance with this Agreement and the Plan Document.

"Effective Date" means the date set forth in Section 11.07 hereof.

"General Fund" means the fund established by the Treasurer in the name of the Trustees pursuant to Section 7.02 in which the monies of the Trust are held and managed in accordance with the terms hereof.

"Plan Document" means that document, as amended from time to time, which sets forth the health benefits available to Subscribers and Qualified Dependents as Coverage.

"Plan Year" means a fixed period of Coverage during which the Plan Document schedule of benefits is in effect. The Plan Year may extend for twelve (12) months or may extend for a longer or shorter period. In any event, the length of the Plan Year shall be set by the Trustees.

"Qualified Dependent" means any dependent of a Subscriber, provided the dependent is eligible for Coverage under the Plan Document and under M.G.L. c. 32B, §2(b).

"Subscriber" means any person so designated by the City pursuant to Section 3.01 hereof, and who is eligible to participate in the City's Health Insurance Trust Fund established by this Agreement.

"Trust" means the City of Westfield Health Insurance Benefits Trust Fund established by this Agreement.

"Trustee" means each person serving as a trustee hereunder from time to time pursuant to Article II hereof.

1.02 Interpretation

The words "hereof", "herein", "hereunder", and other words of similar import refer to this Agreement as a whole. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise

indicate. Headings or titles to Articles, Sections, and other subdivisions of this Agreement are for convenience only and shall be given no effect, meaning or construction whatsoever and shall not define or limit any provision of this Agreement.

ARTICLE II TRUSTEES

2.01 Composition of Board of Trustees

The Trust shall be administered by a Board of Trustees consisting of five (5) members. The Board of Trustees shall consist of the City Auditor; City Treasurer; a representative/designee of the Gas and Electric Manager; Superintendent of Schools or representative/designee, and a representative/designee of the Mayor/Personnel Director.

The initial Trustees shall be appointed by the mayor. The initial Trustees shall elect one Trustee to be Chairman of the Board and one Trustee to be Secretary of the Board. The term of the initial Trustees shall extend until the conclusion of the Annual Meeting of the Trustees next following the end of the Trust's first year of existence. Each Trustee shall signify his or her acceptance of the responsibilities of Trustee by executing this Agreement or an additional signature page thereto.

No Trustee shall be employed by or have any financial interest in any company providing services to the Trust.

2.02 Chairman of the Board of Trustees

A Chairman shall be elected at the Board's Annual Meeting. A Secretary of the Board of Trustees shall be elected at the Board's Annual Meeting.

2.03 Procedure for Nomination and Election of Trustees

No later than sixty (60) days prior to the Annual Meeting date scheduled by the Trustees, the Secretary shall appoint a nominating committee composed of the Chairman and two (2) other trustees. No later than thirty (30) days prior to the Annual Meeting, the nominating committee shall mail to all Trustees a report nominating as Trustee, for each position to be filled, at least one (1) person willing and able to serve as Trustee and indicating that, if a Trustee wishes to nominate another person to serve as Trustee, such nomination must be received in writing by the Secretary at least twelve (12) days prior to the Annual Meeting. At that meeting, the Trustees in attendance shall elect by ballot the Trustees from those nominated in the nominating committee's report and those nominated as aforesaid by a Trustee. The nominees receiving the greatest number of votes shall be deemed elected as Trustee, shall commence their terms at the conclusion of the meeting, and shall serve for the duration of their terms and until their successors are duly elected.

2.04 Resignation of a Trustee

Any Trustee may resign by providing the Chairman of the Trustees with written notification which indicates the date upon which his or her resignation shall take effect.

2.05 Removal of a Trustee

A Trustee may be removed for cause by a majority vote of the Trustees taken at a meeting of the Trustees. No such vote shall be taken unless the subject Trustee has been

provided at least one (1) week's notice that a motion for his or her removal would be raised, along with a summary of the reasons therefor.

2.06 Substitute Trustees

In the event a Trustee resigns, is removed, or is otherwise unable to serve, the Trustees may appoint a substitute Trustee to serve until such time as a new member has been elected.

A Trustee shall, upon leaving office for any reason, forthwith turn over and deliver to the principal office of the Trust any and all records, books, documents or other property in his possession or under his control which belong to the Trust.

2.07 Committees and Task Forces

The Board of Trustees may from time to time establish one or more committees or task forces which shall serve for the period specified by the Board. The members of such a committee shall be appointed by the Secretary subject to the approval of the Board and may include individuals who are not Trustees.

The Board of Trustees may delegate to such committee or task force whatever powers and duties the Board deems appropriate excepting those powers and duties specified herein for which a majority vote of the Trustees is required.

ARTICLE III OBLIGATIONS OF THE CITY

3.01 Obligations, Duties, and Liabilities

- (a) The City agrees to fulfill all obligations and duties established by this Agreement.
- (b) The City is liable under this Agreement for the payment of Contributions when due.
- (c) The City hereby agrees to provide appropriations for the payment of any sum assessed by the Trustees in accordance with this Agreement.
- (d) The City agrees that it will cooperate fully with the Administrator and any agent or employee of the Trust in relation to the purpose and powers of the Trust, including, but not limited to, underwriting matters, plan administration, cost containment and managed care. The City further agrees that it will communicate benefit information to Subscribers in a timely manner upon the request of the Administrator or its agent.
- (e) The Mayor shall be designated the Contact Person to be responsible for all contacts with the Trust. The Trustees and the Administrator shall not be required to contact any other individual except the Mayor in dealing with the City.
- (f) The City shall furnish to the Trustees such underwriting information as may be required by the Trustees at least sixty (60) days prior to the end of each Plan Year.
- (g) The City hereby acknowledges and agrees that this Agreement may be amended, altered or modified pursuant to Article IX hereof. The City agrees to be bound by the decision of the Trustees with respect to any coverages, limitations, or exclusions contained in the Plan Document, as such may be amended from time to time by the Trustees.
- (h) The City hereby acknowledges and agrees that, in the event that the Trust is terminated for any reason, it will provide written notice of such termination to the members of its Insurance Advisory Committee as soon as practicable.

3.02 Subscribers

Coverage shall be provided to each individual:

- (i) who is eligible pursuant to M.G.L. c. 32B to participate in the City's insurance program, and
- (ii) who is designated as a Subscriber by the City.

Coverage shall be provided to the qualified Dependents of those Subscribers who subscribe for "family" coverage. The eligibility of dependents shall be determined by the City in accordance with the standards set forth in M.G.L. c. 32B, §2(b) and the Plan Document.

ARTICLE IV ACCEPTANCE OF TRUST

4.01 Acceptance

The Trustees hereby accept the trusts imposed on them by this Agreement and agree to perform said trusts in accordance with the terms and conditions of this Agreement. The Trustees shall hold legal title to all property of the Trust and shall have absolute and exclusive power and control over the management and conduct of the business of the Trust.

4.02 Future Trustees

Whenever any change shall occur in the membership of the Board of Trustees, the legal title to property hereby created by this Trust shall automatically pass to those duly appointed Trustees. Each future Trustee appointed in accordance with this Agreement shall accept the office of Trustee and the terms and conditions of this Agreement in writing.

4.03 Trustees' Duties and Obligations

The Trustees shall discharge their duties and obligations under this Agreement solely in the interests of the City, with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

In performing his or her duties, each Trustee shall be entitled to rely upon information, opinions, records or other reports prepared by, or under the supervision of (i) one or more employees or agents of the Trust whom the Trustee reasonably believes to be reliable and competent in the matters presented, or (ii) legal counsel, public accountants, actuaries, physicians or other person as to matters which the Trustee reasonably believes to be within such person's professional or expert competence, or (iii) a duly constituted sub-committee of the Trustees upon which a particular Trustee does not serve, as to matters within that sub-committee's delegated authority, which sub-committee the Trustee reasonably believes to merit confidence. However, the Trustee shall not be considered to be acting in good faith if he or she has personal knowledge concerning the matter in question that would cause such reliance to be unwarranted.

The Trustees may adopt By Laws for the management and control of the Trust, so long as such By Laws are not inconsistent or in conflict with the terms and provisions of this Agreement. The By Laws may be amended by the Trustees from time to time in the manner specified in the By Laws.

4.04 Liability of Trustees

(a) The Trustees shall not be liable for errors of judgment either in holding property originally conveyed to them or in acquiring and afterwards holding additional property, in the performance of their duties hereunder, nor for any act or omission to act, performed or omitted by them, in the execution of the trusts created hereunder.

(b) Every act done, power exercised or obligation assumed by the Trustees, pursuant to the provisions of this Agreement, or in carrying out the trusts herein contained, shall be held to be done, exercised or assumed by them as Trustees and not as individuals, and any person or corporation contracting with the Trustees, shall look only to the Trust and available property of the Trust for payment under such contract, or for the payment of any debt, mortgage, judgment or decree or the payment of any money that may otherwise become due or payable on account of the trusts herein provided for, and any other obligation arising out of this Agreement in whole or in part, and neither the Trustees, present or future, nor the City shall be personally or individually liable therefor.

(c) Notwithstanding the provisions of (a) and (b) above, a Trustee shall be liable in connection with the performance of his or her duties hereunder if he or she has not acted (i) in good faith, and (ii) in a manner he or she reasonably believes to be in the best interests of the Trust.

4.05 Indemnification

(a) The Trust shall indemnify: (i) each member of the Board of Trustees and the estate, executor, administrator, personal representatives, heirs, legatees and devisees of any such person; and (ii) every officer and employee of the Trust and the estate executor, administrator, personal representative, heirs, legatees and devisees of such person (collectively, the "indemnittees") against all judgments, including interest, fines, amounts paid or agreed upon in settlement, reasonable costs and expenses including attorneys' fees and any other liabilities that may be incurred as a result of any claim, action, suit or proceeding, whether civil, criminal, administrative, or other, prosecuted or threatened to be prosecuted, for or on account of any act performed or omitted or obligation entered into if done or omitted in good faith and within what he or she reasonably believed to be the scope of his or her employment of authority and for a purpose which he or she reasonably believed to be in the best interest of the Trust. In addition, with respect to any criminal actions or proceedings, an indemnity shall be entitled to indemnification if the actor, in addition, had no reasonable cause to believe that the conduct was unlawful. If any such claim, action, suit or proceeding is compromised or settled, no indemnity shall have a right to indemnification unless the settlement is with the prior and express approval of the Board of Trustees or such other persons as may be authorized to make determinations with respect to indemnification pursuant to paragraph (d) of this Section.

(b) Such indemnification shall not depend upon whether or not such person is a member of the Board of Trustees at the time that such claim, action, suit or proceeding is begun, prosecuted or threatened, nor on whether the liability to be indemnified was incurred or the act or omission occurred prior to the adoption of this Section.

(c) The right of indemnification hereunder shall not be exclusive of other rights such person or Board may have as a matter of law or otherwise.

(d) In each instance in which a question of indemnification hereunder arises, determination in the first instance of the right to indemnification hereunder, and of the

time, manner and amount of payment thereof, shall be made by a majority vote of a quorum of the Board of Trustees; provided, however, that no member of the Board of Trustees seeking indemnification hereunder as a result of the same occurrence shall participate in the determination. In the event that a majority of the members of the Board of Trustees are seeking indemnification hereunder as a result of the same occurrence or the number of Board of Trustees members eligible to vote does not constitute a quorum, such determination in the first instance shall be made by independent legal counsel retained by the Trust for the purpose of making the determination. Nothing in this paragraph is intended to make an adverse determination finally binding upon the prospective indemnity or to preclude any prospective indemnity from requesting a reconsideration of an adverse determination based on additional evidence or from instituting legal proceedings to enforce a right of indemnification under this Section.

(e) The indemnification provided for in this Section shall be deemed to be an expense of the Trust to which the City shall contribute.

(f) The indemnification provided by this Section shall be secondary to any benefits to which the indemnity may be entitled to receive from any applicable insurance policy providing Directors and Officers, Errors and Omissions or other applicable insurance coverages which have been procured by the Trust or for which the Trust paid the required premium. The indemnification provided by this Section shall be primary over any indemnification provided by a Trustee at his or her own expense.

(g)

- (i) Notwithstanding any other provision of this Section to the contrary, a prospective indemnity may seek, and the Trust may pay, advance indemnification prior to the rendering of a final determination of entitlement to indemnification pursuant to the provisions of paragraph (d) of this Section. Any award of such advance indemnification by the Trust shall be discretionary and subject to the provisions of this Section.
- (ii) In each instance where a question of advance indemnification hereunder arises, determination of the right to indemnification and of any conditions or restriction attached thereto shall be made by a majority vote of a quorum of the Board of Trustees; provided, however, that no member of the Board of Trustees seeking indemnification hereunder shall participate in the determination. In the event that a majority of the members of the Board of Trustees are seeking indemnification as a result of the same occurrence or the number of members of the Board of Trustees eligible to vote does not constitute a quorum, such determination shall be made by independent legal counsel retained by the Trust for the purpose of making the determination.
- (iii) Any determination of advance indemnification shall be discretionary and may provide for the time, manner and amounts advanced hereunder and shall include limitations on the rate of payment and the total amount to be advanced. The Trustees may, but shall not be required to, condition any such advances upon the granting of such security as they deem appropriate.
- (iv) Any advance authorized hereunder shall be conditioned upon an undertaking by the indemnity to repay such payments if he or she shall be

adjudicated to be not entitled to indemnification; provided that the Trustees may accept such an undertaking without reference to the financial ability of the indemnity to make repayment.

ARTICLE V OPERATION OF THE TRUSTEES

5.01 Office

The principal office of the Trust shall be located in the City Treasurer's office.

5.02 Meetings

There shall be an annual meeting of the Trustees on a day in November and at a place designated by the Trustees. Written notice of the time and place of the annual meeting shall be given to each Trustee at least seven (7) days in advance of the meeting. At the annual meeting, the Trustees shall make a recommendation for the establishment of working rates and transact such business as may come before them. An independent insurance advisor shall be employed to advise the Board regarding the adequacy of funding, review of claims, and establishment of contribution rates.

The Board of Trustees shall meet quarterly to review the administration of the Health Insurance Trust Fund. Written notice of the time and place of the quarterly meetings shall be given to each Trustee at least seven (7) days in advance of the meetings.

The Trustees shall hold such other meetings as are necessary to accomplish the purposes of the Trust. Such meetings shall be scheduled by the Chairman of the Board. Written notice of the time and place of such meetings shall be given to each Trustee at least seven (7) days in advance of the meeting.

5.03 Voting

A majority vote of all Trustees shall be required to:

- (a) remove a Trustee pursuant to Section 2.05 of this Agreement; or
- (b) amend this Agreement pursuant to Section 9.01 of this Agreement.

All other matters may be decided by a majority vote of those Trustees in attendance at a meeting at which a quorum of the Board is present.

5.04 Quorum

A quorum shall consist of greater than fifty percent (50%) of the Trustees.

ARTICLE VI PURPOSE OF THE TRUST; POWERS OF THE TRUSTEES

6.01 Purpose of the Trust

The purpose of the Trust is to provide health care benefits to the Subscribers, who are the employees and retirees of the City, and their dependents. ✓

6.02 Powers of the Trustees

The Trustees shall have the power to control and manage the Trust and its General Fund and to perform such acts, enter into such contracts, engage in such proceedings, and generally to

exercise any and all rights and privileges, although not specifically mentioned herein, as the Trustees may deem necessary or advisable to administer the Trust and the General Fund or to carry out the purposes of this Agreement. Any determination made by the Trustees in the exercise of these powers shall be binding upon the City. In addition to the powers set forth elsewhere in this Agreement, the powers of the Trustees, in connection with their managing and controlling the Trust and its General Fund, shall include, but shall not be limited to, the following:

- (a) To enter into an administrative services or other contract with one or more insurance companies, nonprofit hospital, medical or dental service corporations organized under chapter one hundred and seventy-six A, chapter one hundred and seventy-six B, or chapter one hundred and seventy-six E of the Massachusetts General Laws, or with one or more health care organizations or health maintenance organizations, or with one or more third-party administrators or other entities to organize, arrange, or provide for the delivery or payment of health care coverage or services (including dental services), whereby the funds for the payment of claims of eligible persons, including appropriate service charges of the insurance carrier, third party administrator or other intermediary, shall be furnished by the Trustees from the General Fund for the payment by such intermediary to the health care vendors or persons entitled to such payments in accordance with the terms and provisions of said contract.
- (b) To purchase contracts of insurance or reinsurance through such broker or brokers as the Trustees may choose and to pay premiums on such policies.
- ✓ (c) To receive, hold, manage, invest, and reinvest all monies which at any time form part of the trust, whether principal or income. ✓
- (d) To borrow or raise money for the purposes of the Trust, in such amount, and upon such terms and conditions as the Trustees shall deem advisable, subject to applicable law and statutes; and for any sum so borrowed to issue the promissory note of the Trust, and to secure the repayment thereof by creating a security interest in all or any part of the Trust or the General Fund; and no person lending such money shall be obligated to see that the money lent is applied to Trust purposes or to inquire into the validity, expedience or propriety of any such borrowing.
- (e) To hold cash, uninvested, for such length of time as the Trustees may determine without liability for interest thereon.
- (f) To employ suitable agents, advisors and counsel as the Trustees may deem necessary and advisable for the efficient operation and administration of the Trust, to delegate duties and powers hereunder to such agents, advisors and counsel, and to charge the expense thereof to the Trust. The Trustees are entitled to rely upon and may act upon the opinion or advice of any attorney approved by the Trustees in the exercise of reasonable care. The Trustees shall not be responsible for any loss or damage resulting from any action or non-action made in good faith reliance upon such opinion or advice. All delegated authority shall be specifically defined in the By Laws or the written minutes of the Trustees' meetings.
- (g) To hire employees or independent contractors as the Trustees may deem necessary or advisable to render the services required and permitted for the proper operation of the Trust, and to charge the expense thereof to the Trust.

- (h) To continue to have and to exercise, after the termination of the Trust and until final distribution, all of the title, powers, discretions, rights and duties conferred or imposed upon the Trustees hereunder, by the By Laws or by law.
- (i) To construe and interpret this Agreement, the Plan Document and other documents related to the purposes or the Trust.
- (j) To receive from the City and other relevant sources, such information as shall be necessary for the proper administration of the Trust.
- (k) To maintain bank accounts for the administration of the Trust and the General Fund and to authorize certain Trustees, the Administrator, or other appropriate persons to make payments from any appropriate account for purposes of the Trust.
- (l) To receive and review reports of the financial condition and of the receipts and disbursements of the Trust and the General Fund.
- (m) To adopt By Laws, rules, regulations, formulas, actuarial tables, forms, and procedures by resolution from time to time as they deem advisable and appropriate for the proper administration of the Trust, provided the same are consistent with the terms of this Agreement.
- (n) To purchase as a general administrative expense of the Trust so-called director's liability insurance and other insurance for the benefit of the Trust and/or the protection of the Trustees, Trust officers, employees, or agents against any losses by reason of errors or omissions or breach of fiduciary duty or negligence.
- (o) To enter into any and all contracts and agreements for carrying out the terms of this Agreement and for the administration and operation of the Trust and to do all acts as they, in their discretion, may deem necessary or advisable, and such contracts and agreements and acts shall be binding and conclusive on the City and the Subscribers. Except as otherwise directed by the Trustees, all such contracts and agreements, or other legal documents herein authorized, shall be executed by the Secretary.
- (p) To receive Contributions or payments from any source whatsoever but such Contributions or payments may not be utilized for any purpose unrelated to the coverage's herein provided or properly authorized expenses.
- (q) To pay or contest any benefit sought by a Subscriber or City by negotiation, compromise, arbitration, or otherwise.
- (r) To pay taxes, assessments, and other expenses incurred in the collection, care, administration, and protection of the Trust.
- (s) To establish the type and scope of Coverage available to the City and the Contribution rates for such Coverage.
- (t) To do all acts, whether or not expressly authorized herein, which the Trustees may deem necessary or proper in connection with the administration of the Trust, although the power to do such acts is not specifically set forth herein.

6.03 Bonds

The Trustees may require that a fidelity bond be furnished as to all persons handling money for or on behalf of the Trustees and the Trust, including but not limited to individual Trustees, and the Administrator. The premium and other costs associated with such bonds shall be a proper administrative expense of the Trust.

ARTICLE VII

ESTABLISHMENT AND OPERATION OF THE GENERAL FUND

7.01 Treasurer

The City Treasurer shall hold all Contributions and other funds of the Trust as provided in this Article VII and in Article VIII hereof.

7.02 Establishment of General Fund

The Trustees shall direct the Treasurer to establish a General Fund, which shall be an interest-bearing account in the name of the Trustees and which shall consist of all income of the Trust.

The Treasurer, with the authorization of the Trustees, shall establish one or more checking accounts, which may be interest or non-interest-bearing accounts. Such checking account or checking accounts shall be funded solely from the General Fund and the Trustees may authorize the Administrator to draw on such checking accounts for the payment of health benefits to Subscribers and Qualified Dependents and for administrative expenses of the Trust.

All benefit payments to or on behalf of Subscribers pursuant to and in accordance with the Plan Document and all administrative expenses of the Trust, including, but not limited to, service fees, fees of the Administrator, self-insurance bond costs, insurance premium costs, attorneys' fees, taxes, compensation and expense reimbursements, as determined by the Trustees, shall be paid by the Administrator from the General Fund, as authorized and directed by the Trustees.

7.03 Reconciliation and Assessments

The Board shall determine, based upon the advice of the Administrator, within six (6) months of the last day of the Plan Year, a reconciliation of the General Fund balance for that Plan Year. In establishing the reconciled balance, the Board shall include a factor to represent the cost of the run-out of claims which were incurred as of the last day of the Plan Year but which have not been paid as of the reconciliation date.

In the event that the reconciliation shows a General Fund surplus, the Trustees will be responsible for determining its disposition.

In the event that the reconciliation shows a General Fund deficit, or in the event that the Trustees at any other time conclude that the General Fund is in a deficit situation, the Trustees may, in their sole discretion, assess the Health Insurance Budget Account in amounts sufficient to resolve that deficit.

7.04 Administrator

The Personnel Director shall serve as Administrator of the Health Insurance Trust.

7.05 Annual Audit

The Trustees shall have an audit of the General Fund performed by a Certified Public Accounting firm within six (6) months of the last day of each Plan Year.

ARTICLE VIII CONTRIBUTIONS

8.01 Setting of Contribution Rates

The Trustees shall make a recommendation for the establishment of monthly working rates each November. Those rates shall be set such that the aggregate of Contributions to the General Fund may be expected to satisfy the funding requirements of the Trust. In establishing the funding requirements of the Trust and setting the monthly rates for Contributions for the Subscribers of the City, the Trustees shall utilize the services of an independent insurance advisor and/or other consultants they deem appropriate.

8.02 Deposit of Contributions

The Treasurer shall deposit all City Contributions in the General Fund. Employee Contributions shall be directly deposited into the General Fund.

ARTICLE IX AMENDMENTS

9.01 Amendment of Agreement

The terms and provisions of this Agreement may be amended at any time by a majority vote of all the Trustees. The Trustees shall forward any amendments to the Mayor and to the City Council within five (5) days of the Trustees' vote. Said amendment or amendments shall become effective twenty-five (25) days after the Trustees' vote unless the Mayor and/or the City Council objects to said amendment or amendments by notifying the Administrator in writing within such period.

ARTICLE X TERMINATION

10.01 Term of the Trust

The Trust shall continue unless and until terminated pursuant to law or by an instrument in writing signed by the Mayor and/or the City Council.

10.02 Termination of the Trust

In the event of termination of the Trust, the City agrees to make any provision for payment of claims against the Trust as may be required by the Trustees, including the deposit with the Trustees of funds, surety bonds, or such other guarantees of payment as deemed required and sufficient by the Trustees. Upon termination, the Trustees shall continue to serve as Trustees to wind up the affairs of the Trust, including providing for all outstanding obligations, and the City shall be entitled to receive distribution of its pro rata share of any remaining funds, the calculation of such distribution to be determined by the Trustees.

ARTICLE XI MISCELLANEOUS

11.01 Title to the Trust

Title to the Trust shall be vested in and remain exclusively in the Trustees to carry out the purposes hereunder and neither the City nor any official, employee, or agent of the City nor any individual shall have any right, title, or interest in the Trust nor any right to Contribution

payments made or to be made thereto, nor any claim against the City on account thereof, except to the extent of the right of the City to receive its pro rata share of any excess funds as provided hereunder.

The City may not assign any right, claim or interest it may have under this Agreement.

11.02 Execution of Documents

The Trustees may authorize any Trustee of the Administrator to execute any notice, certificate or other written instrument relating to the Trust (except an instrument of amendment or termination) and all persons, partnerships, corporations, or associations may rely upon such notice or instrument so executed as having been duly authorized and as binding on the Trust and the Trustees.

11.03 Notice

All notices, requests, demands, and other communications related to this Agreement, unless otherwise so provided herein, shall be in writing and shall be deemed to be duly given when sent by first-class mail, postage prepaid, or when personally delivered by hand, or when transmitted by facsimile, cable, telex, or telegraph, at such addresses as have been last provided to the Trust. The initial address for such notices, requests, demands, or other communications to the Trustees and the City shall be provided to the Administrator. The parties hereto shall notify the Administrator as to any change in address.

11.04 Construction

The laws of the Commonwealth of Massachusetts shall govern this Agreement.

11.05 Counterparts

This Agreement may be executed in any number of counterparts (each of which shall be deemed an original), by the Trustees and by the governing authority of the City, by a counterpart signature page in the form attached hereto, which, together with this Agreement and all other duly executed signature pages, shall constitute the complete agreement among all the parties hereto.

11.06 Severability of Invalid Provisions

If any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and the remaining parts of this Agreement shall be construed so as to give practical realization to the purposes intended to be achieved by the parties as if such invalid or illegal or unenforceable provision had never been contained herein.

11.07 Effectiveness

This Agreement shall be effective from and after 12/18/03. In witness whereof, the Trustees have executed this Health Insurance Trust Agreement.

MEETING OF CITY COUNCIL
WESTFIELD, MASSACHUSETTS
DECEMBER 18, 2003.

The meeting was called to order at 7:30 PM by President Medeiros.

The Clerk called the roll. Councilor Canty was absent.

The Pledge of Allegiance to the Flag of the United States was led by the President.

Upon motion of Councilor Liptak, it was VOTED: That the reading of the record of the meeting of December 4, 2003 be waived and the record be ACCEPTED as printed.

At this point President Medeiros, with the assistance of Councilor Crean, presented service awards to the outgoing Councilors.

President Medeiros presented "An Outstanding Dedicated Service Award" to Councilor Adam Liptak for his service as a City Councilor from 1982 up to 2003. President Medeiros thanked Councilor Liptak for all his expertise and time that he brought to the Council. Councilor Liptak graciously accepted the plaque and received a standing ovation from all present.

President Medeiros next presented "An Outstanding dedicated Service Award" to Councilor James Casey for his service as a City Councilor from 1990 up to 2003, and serving as Council President in 1995 and 1996. President Medeiros thanked Councilor Casey for his dedicated service to the City. Councilor Casey graciously accepted the plaque and received a standing ovation from all present.

President Medeiros next presented a Proclamation to Councilor Christopher Keefe. He thanked Councilor Keefe for stepping up to the plate in August (2003) in filling in the vacancy left by Lenard Burlingame who passed away on June 21, 2003. Councilor Keefe graciously accepted the Proclamation and received a standing ovation from all present.

President Medeiros next presented, "the toughest one of all", "An Outstanding Dedicated Service Award" to Mrs. Carol Burlingame, wife of Councilor Lenard Burlingame, who passed away on June 21, 2003, and Councilor Burlingame's children, Lenard Burlingame, Jr., Sally Zarlengo and Jodi Kuchachik. President Medeiros expressed his highest respect and regard for Lenny as a person and as a Councilor. Mrs. Burlingame graciously accepted the plaque and thanked President Medeiros and the entire Council for honoring Lenny while receiving a standing ovation from all present.

Under "Public Participation" the Councilors were addressed by MaryJo Whiteway, proprietor of Bently Billards. Ms. Whiteway requested assistance from the Council on removing the snow in front of all the businesses on Elm Street. She explained to the Council that her business is a winter business and the snow is impeding the business. Mr. Brian Whiteway echoed MaryJo's comments and requested a meeting with the Councilors, Board of Public Works or any one else to brainstorm ideas on how to get rid of the snow

David Bannish	Yes
Brent Bean	Yes
James Casey	Yes
Christopher Crean	Yes
Christopher Keefe	Yes
Daniel Knapik	Yes
Adam Liptak	Yes
Charles Medeiros	Yes
Brian Sullivan	Yes
Barbara Swords	Yes

Upon motion of Councilor Knapik, it was VOTED: That the City Engineer be requested to give a cost estimate for caution lights-east and west and flashing stop signs-north and south at the intersection of Holyoke and Springdale Roads.

Upon motion of Councilor Knapik, for the Legislative and Ordinance Committee, it was VOTED: As follows:

"Shall the City of Westfield pursuant to the provisions of Massachusetts General Laws Chapter 32B Section 3A enter into administrative service contract(s), subject to the adequacy of a claims trust fund, for the purpose of organizing, arranging and providing for the delivery of and payment of health care coverage for such eligible persons for contracts not to exceed five years."

And also "Shall the City establish a claims trust fund pursuant to the provisions of Massachusetts General Laws Chapter 32B Section 3A, to the adequacy of which is to be established, for the payment of such claims and administrative costs, such funds to be transferred from the Health insurance appropriation account, upon authorization, and deposited into a separate fund to be known as the Health Insurance Claims Trust Fund, as shall from time to time be necessary."

The vote on the foregoing was as follows:

David Bannish	Yes
Brent Bean	Yes
James Casey	Yes
Christopher Crean	Yes
Christopher Keefe	Yes
Daniel Knapik	Yes
Adam Liptak	Yes
Charles Medeiros	Yes
Brian Sullivan	Yes
Barbara Swords	Yes

Upon motion of Councilor Sullivan, it was VOTED: That the sum of \$2,300,000.00 be transferred from Health Insurance Account #19140000-519400 to the Health Claims Trust Fund.

The vote on the foregoing was as follows:

David Bannish	Yes
Brent Bean	Yes
James Casey	Yes
Christopher Crean	Yes
Christopher Keefe	Yes
Daniel Knapik	Yes