



BOROUGH OF NORTH WALES

300 School Street, North Wales, PA 19454
Phone: 215-699-4424 • Fax: 215-699-3991
<http://northwalesborough.org>

**COUNCIL MEETING
REMOTE ACCESS ONLY
Tuesday, August 25, 2020 – 7:00 P.M.**

Salvatore Amato
James Cherry
Sherwin Collins
Ronald S. Little, Jr.
Wendy McClure

Sally Neiderhiser
Eion O'Neill
James Sando
Mark Tarlecki
Gregory J. D'Angelo, Mayor

**Call to Order, Date and Time
Roll Call
Pledge of Allegiance**

1. Public Comment

2. Consideration: Approval of COAs: 402 School St., 223 S. Main St. & 409 S. Main St

3. Consideration: Award 2020 Paving Project Bid

4. Consideration: Advertisement for General Obligation Note, 2020 Series

5. Consideration: Approval of Minutes: August 11, 2020

6. Consideration: Disbursements: \$90,499.85

7. Consideration: Approval of Joint UCC Board of Appeals

8. **Consideration: DVIT Worker’s Comp Resolution**

9. **Old Business/Committee & Board Reports/Zoning Applications**

10. **Solicitor / Mayor / Council / Chief of Police / Manager**

Adjournment

COVID-19 RESTRICTIONS:

In response to the Governor’s Stay Home Order due to the COVID-19 health pandemic, this meeting will be conducted via ZOOM. All members of Council, staff and public will participate remotely. The public may join this meeting by either telephone using the dial in number or entering the URL on an internet browser. Below you will find instructions on how to access and participate in the meeting:

- **Meeting URL:** <https://us02web.zoom.us/j/83471194202?pwd=djJzV3Q5WWIwWmk0Y01VOHFORFJtUT09>
- **Meeting via Zoom App:** if you have the Zoom App on your smartphone, tablet, or computer, open the program, click join a meeting, and enter the Meeting ID: 834 7119 4202
- **Meeting dial in number (no video):** 1-929-205-6099
- **Meeting ID number:** (to be entered when prompted): 834 7119 4202
- **Meeting Password:** 452474

All interested parties may participate through the Zoom Conference link on the date and time noted above and when called upon by the Council President. The public may also submit questions or comments prior to the meeting by e-mail to chart@northwalesborough.org; these must be received no later than 12 Noon on August 25, 2020. Persons with disabilities who wish to attend the meeting and require auxiliary aid, service, or other accommodation to participate in the meeting should contact North Wales Borough at 215-699-4424 or by e-mail to chart@northwalesborough.org.

Mayor’s Office Hours

2nd & 4th Tuesdays 2:00 - 4:00 PM
2nd & 4th Wednesdays 7:00 - 8:30 PM

Monthly Meeting Information:

Boards and Commissions

Borough Council	2 nd & 4 th Tuesday of Month
Zoning Hearing Board	1 st Tuesday of Month, as Needed
Planning Commission	1 st Wednesday of Month
HARB	3 rd Wednesday of Month
Park & Recreation Board	2 nd Thursday of Month
Shade Tree Commission	2 nd Thursday of Month
Nor-Gwyn Pool Commission	2 nd Thursday of Month – 7:30 PM
Historic Commission	3 rd Tuesday of Month

All above meetings begin at 7 P.M. in the Municipal Building, unless noted otherwise.

North Wales Water Authority	2nd & 4th Wednesday of Month
	5:00 PM, 200 W. Walnut Street

Please note: The meeting is being digitally recorded.



Historical Architectural Review Board

Record of Action

Date 8.20.2020

Application: 0820-01

Application date: 7.27.2020

Applicant/Property Owner: Jim and Neree Sando
402 School Street
North Wales, PA 19454

Block/Unit # _____

Request: Replace existing asphalt shingle roof with a new gray asphalt shingle roof with partial gutter replacement

Submittals: Application, contractor estimate.

• • •

HARB Meeting: August 19, 2020 (online via Zoom)

In attendance: Mr. Joseph Del Ciotto
Mr. Charles Guttenplan
Rev. Amy Smith
Mr. James Schiele
Mr. Ray Tschoepe
Ms. Christine Hart (Borough manager)

Applicant in Attendance: None

Action: *Approved as presented*

Findings of fact. The Sec. of Int. recommends “Replacing in-kind... the roof that is too deteriorated to repair...If using the same kind of material is not technically or economically feasible, then a compatible substitute material may be considered.”

Recommendation to Council: *Issue Certificate of Appropriateness*

Respectfully submitted,

Ray Tschoepe

HARB Chairman/Vice-chairman

Licensed & Insured
533 Davisville Road
Willow Grove, PA 19090



Phone: (215) 322-8687
(610) 878-9910
Fax: (215) 657-9788



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SANDO

PAHIC: 897 / NJ: 13VH04508000

NAME: Jim ~~Samvo~~

PHONE: 215-498-1366

ADDRESS: 402 School Street North Wales Pa.19454

leaking: yes X / no

EMAIL: Jsand3320@gmail.com

Approx. Start Date*: TBD

WRITTEN BY: **Kevin 484-645-6588**

Township: North Wales Borough

Approx. Finish Date*: 8/8/2020

DATE: 7/8/2020

ROOF ESTIMATE: Upper second story shingled roof only (Change order)

- Homeowner to obtain all permits needed
- Ground will be tarped, and bushes will be covered.
- Remove up to 1 layer of asphalt shingles off all roof surfaces.
- Replace any bad/rotted decking at an additional cost of \$65.00 per sheet 1/2" CDX.
- Supply and install aluminum drip edge on all edges of roof. (White)
- Apply **Certainteed Winter guard** leak barrier to all eaves, valleys and around chimney.
- Install **Certainteed Roof Runner** high performance synthetic underlayment to remainder of roof deck.
- Install new aluminum flashings at all applicable chimneys.
- Install **Certainteed swift Start** starter strip shingles on all rake and eave edges.
- Supply and install **Certainteed Landmark Pro** dimensional shingles Max Def Weathered wood in color.
- Install new pipe collars around all soil pipes.
- Supply and install **Certainteed Shingle vent 2 rigid Ridge Vent**.
- Apply matching **Certainteed Shadow Ridge Caps**.
- Proposal includes **Certainteed 4 Star** transferable warranty which increases the 100% defect coverage from 10 to 50 years covering labor and materials
- Remove all job-related debris

PRICE: \$9,750.00 - \$750.00 discount coupon = check price \$9,000.00

1/3 Deposit / 1/3 at start / Balance at completion

ADD 3% IF PAYING BY CREDIT CARD

*****FINAL PAYMENT IS DUE UPON COMPLETION OF WORK***PRICE INCLUDES ALL DISCOUNTS AND COUPONS***PRICE IS VALID FOR 15 DAYS.**

Received Notice of Cancellation _____ Initial

Buyer and C & C understand and authorize all work specified and agree to the prices and conditions stated above.

Date: 7/29/20 Name (Customer): Jim Sando Signature: [Signature]

Date: _____ C&C Rep.: Kevin Halter Signature: Kevin R Halter

*Depends upon weather or special order materials.

** See warranty for details.

See Terms and Conditions.

This is to certify that

C & C FAMILY ROOFING & SIDING

has achieved CertainTeed's highest credential level and therefore is authorized to operate and represent itself as a SELECT ShingleMaster™, and can offer the CertainTeed SureStart™ PLUS warranty extensions.



To become a SELECT ShingleMaster, this company has met the following conditions. Each of these criteria, by itself, is stringent, and highlights this contractor as a model in the trade.

1

All job supervisors, plus at least 50% of the shingle installation workforce, must be Master Shingle Applicators™. And, at least one employee is qualified as a Shingle Quality Specialist™.

2

The company owner has agreed to abide by the terms and conditions described in the "Code of Ethics and Professional Practices," and has qualified as a fiscally responsible business owner.

3

Proof of current workers' compensation insurance, as required by law, and liability insurance covering roofing have been submitted and are on file at CertainTeed.

4

The company has been in business for at least five years, or accredited in the CertainTeed ShingleMaster™ program for at least one year, or have prior industry experience that CertainTeed considers a comparable qualification.

A SELECT ShingleMaster™ since: 2005

Valid through January 31, 2020

20-30-207 © 2019 CertainTeed Corporation, Printed in U.S.A.

A handwritten signature in black ink that reads "Jay B. Butch".

Jay B. Butch
Director, Contractor Programs

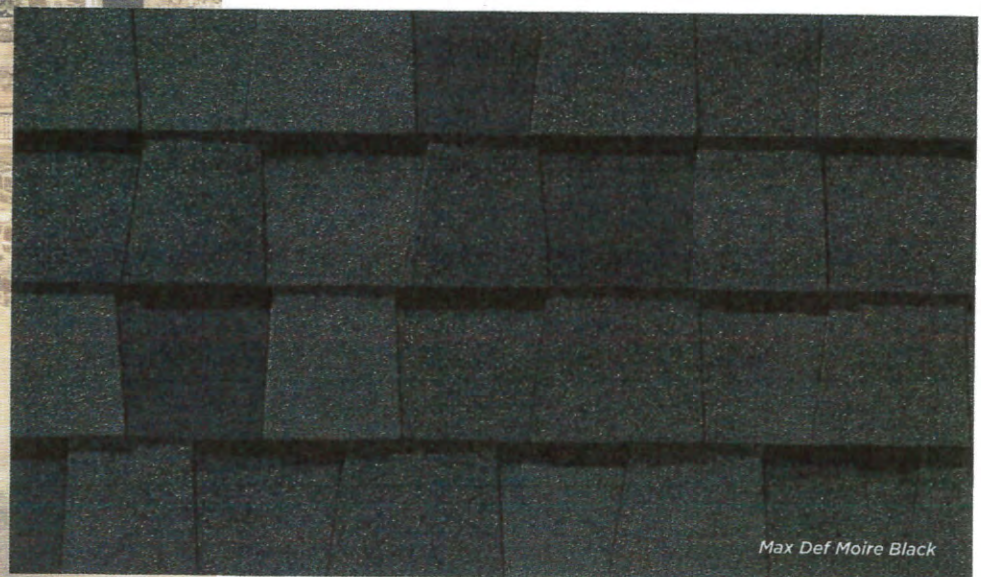
CertainTeed
SAINT-GOBAIN

The Expert's Choice

LANDMARK® PRO

A refined union of vision and value, our PRO line leads its class in optimal performance and variety of color.

- Engineered to meet professional contractors' exacting specifications
- Available in a wide selection of eye-catching **Max Def** colors
- Outweighs standard laminates to provide greater protection from the elements

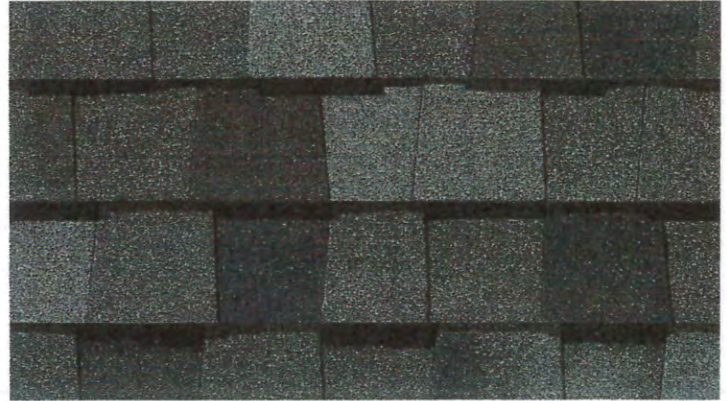


Max Def Moire Black

LANDMARK® PRO COLOR PALETTE



Max Def Cobblestone Gray



Max Def Georgetown Gray



Max Def Weathered Wood



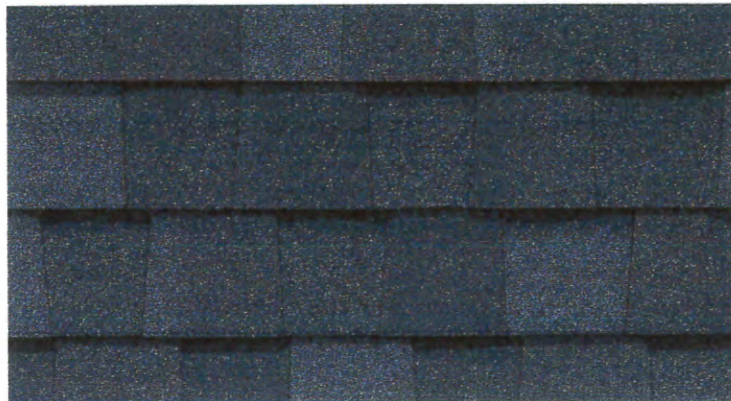
Max Def Pewterwood



Max Def Heather Blend



Max Def Shenandoah



Max Def Atlantic Blue

MAX DEF COLORS

Look deeper. With Max Def, a new dimension is added to shingles with a richer mixture of surface granules. You get a brighter, more vibrant, more dramatic appearance and depth of color. And the natural beauty of your roof shines through.



9434

Historical Architectural Review Board

Record of Action

Date 8.20.2020

Application: 0820-01

Application date: 8.10.2020

Applicant/Property Owner: Ms. Greta Martin Washington
223 S. Main St.
North Wales, PA 19454

Block/Unit # _____

Request: Replace the existing porch floor with a wood T&G floor to match the existing, with limited repair on several column bases.

Submittals: Application, photographs.

• • •

HARB Meeting: August 19, 2020 (online via Zoom)

In attendance: Mr. Joseph Del Ciotto
Mr. Charles Guttenplan
Rev. Amy Smith
Mr. James Schiele
Mr. Ray Tschoepe
Ms. Christine Hart (Borough manager)

Applicant in Attendance: Ms. Greta Martin Washington

Action: *Approved as presented*

Findings of fact. The Sec. of Int. recommends “Replacing in-kind an entire entrance or porch that is too deteriorated to repair – if the form and detailing are still evident – using the physical evidence to guide the new work. If using the same material is not technically or economically feasible, then a compatible substitute material may be considered.”

Recommendation to Council: *Issue Certificate of Appropriateness*

Respectfully submitted,

Ray Tschoepe

HARB Chairman/Vice-chairman

AUG 05 2020

NORTH WALES BOROUGH

223 S. Main St, North WALES PA

FRONT porch repair

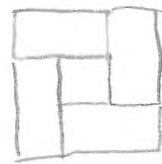
PROPOSED START DATE Aug 17, 2020

Greta 484.343.0059

SEQUENCE OF WORK

1. Support porch posts (4)

2. Shim PIERS (4)
w/ BRICK & Mortar & Dry



← 3x3 BRICK PIER
ON TOP OF rubble stone

3. Lay DOWN porch posts

1. Excavate UNDER Bay WINDOW AND S. SIDE OF PORCH
Jack up Bay & Level.

2. INSTALL CMU OVER TOP 6"-8" CONCRETE FOOTER

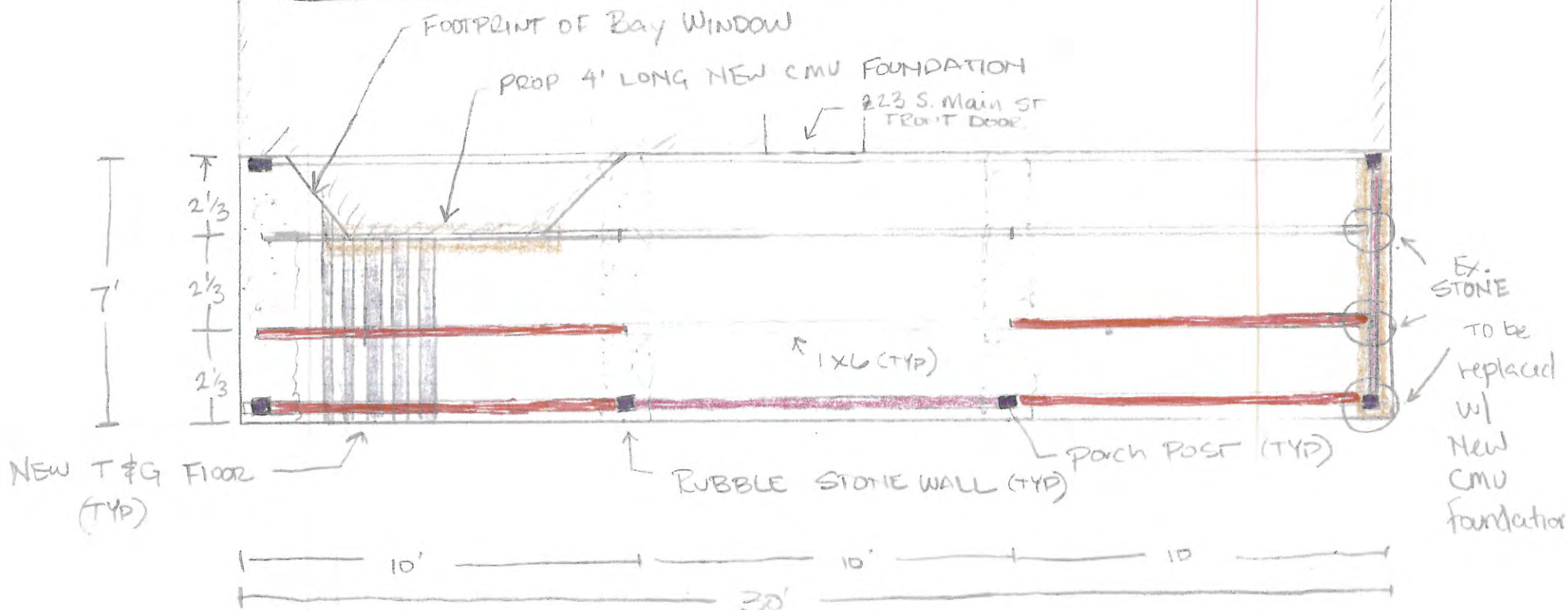
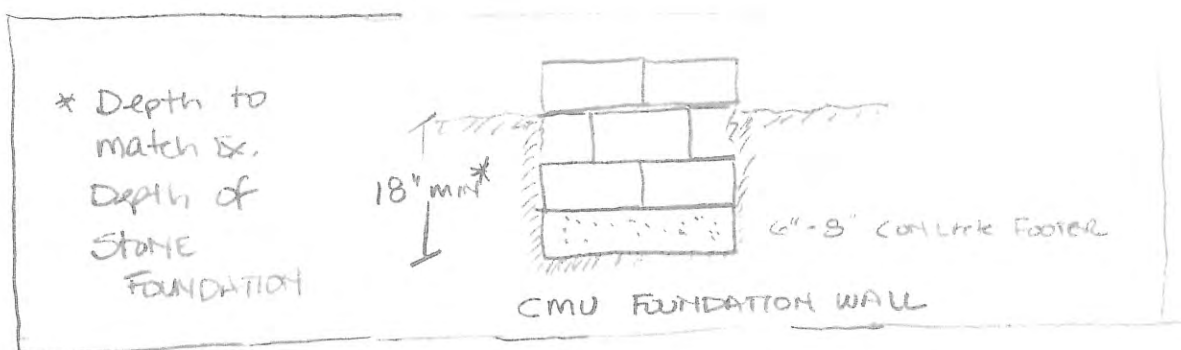
3. INSULATE FLOOR AND WALLS OF BAY

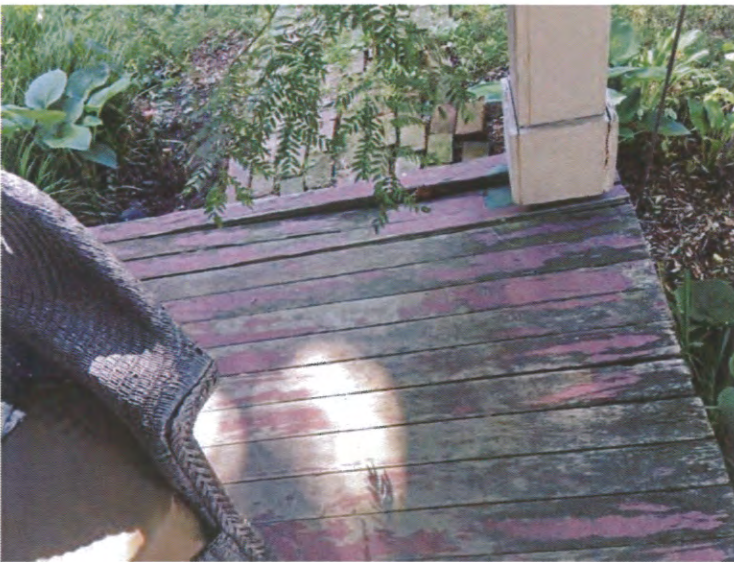
4. replace floor JOISTS

5. INSTALL TONGUE & GROOVE FLOORING

REPLACEMENT SCHEDULE

EXISTING	PROPOSED	QUA
1x6 (sistered)	6x6 pressure treated post 12' LONG	(4) 6x6x12'
1x6	6x6 PT 10' long	(2) 1x6x10'
⊘	New CMU FOUNDATION	
	TONGUE & GROOVE New Hardwood T & G (CEDAR OR WALHOGANY)	(115) 1x4x8' (Net 3" wide)









Historical Architectural Review Board

Record of Action

Date 8.20.2020

Application: 0820-02

Application date: 8.04.2020

Applicant/Property Owner: Tom Caum and Amy Smith
409 S. Main Street
North Wales, PA 19454

Block/Unit # _____

Request: Replace existing asphalt shingle roof with a new gray asphalt shingle roof with the addition of snow guards. Additionally, the “K”- gutters will be replaced with more traditional “half-round” gutters.

Submittals: Application, catalog cuts, photographs.

• • •

HARB Meeting: August 19, 2020 (online via Zoom)

In attendance: Mr. Joseph Del Ciotto
Mr. Charles Guttenplan
Rev. Amy Smith
Mr. James Schiele
Mr. Ray Tschoepe
Ms. Christine Hart (Borough manager)

Applicant in Attendance: Tim Caum and Amy Smith

Action: *Approved as presented*

Findings of fact. The Sec. of Int. recommends “Replacing in-kind... the roof that is too deteriorated to repair... If using the same kind of material is not technically or economically feasible, then a compatible substitute material may be considered.”

Recommendation to Council: *Issue Certificate of Appropriateness*

Respectfully submitted,

Ray Tschoepe

HARB Chairman/Vice-chairman

Slateline™ Specs

ABOUT ([HTTPS://WWW.GAF.COM/EN-US/ROOFING-PRODUCTS/RESIDENTIAL-ROOFING-PRODUCTS/SHINGLES/DESIGNER/VALUE-COLLECTION/SLATELINE](https://www.gaf.com/en-us/roofing-products/residential-roofing-products/shingles/designer/value-collection/slateline))

SPECS ([HTTPS://WWW.GAF.COM/EN-US/ROOFING-PRODUCTS/RESIDENTIAL-ROOFING-PRODUCTS/SHINGLES/DESIGNER/VALUE-COLLECTION/SLATELINE/SPECIFICATIONS](https://www.gaf.com/en-us/roofing-products/residential-roofing-products/shingles/designer/value-collection/slateline/specifications))

DOCS ([HTTPS://WWW.GAF.COM/EN-US/ROOFING-PRODUCTS/RESIDENTIAL-ROOFING-PRODUCTS/SHINGLES/DESIGNER/VALUE-COLLECTION/SLATELINE/DOCUMENTS](https://www.gaf.com/en-us/roofing-products/residential-roofing-products/shingles/designer/value-collection/slateline/documents))

VIDEOS ([HTTPS://WWW.GAF.COM/EN-US/ROOFING-PRODUCTS/SHINGLES/DESIGNER/VALUE-COLLECTION/SLATELINE/VIDEOS](https://www.gaf.com/en-us/roofing-products/shingles/designer/value-collection/slateline/videos))

SPECIFICATIONS (ALL DIMENSIONS ARE NOMINAL)

AWARDS & RECOGNITION	Good Housekeeping Rated
DIMENSIONS (SP)	17" x 40" (431.8 mm x 1016 mm)
STAINGUARD®	Yes
ALGAE STAIN PROTECTION	StainGuard® Protection
\$ - \$\$\$\$	\$\$\$\$
DURABILITY & TOUGHNESS	Advanced Protection Shingle with GAF Dura Grip Adhesive
EXPOSURE	7 1/2" (190.5 mm)
EXTREME WEATHER IMPACT RATED	No
FIRE RATING	Highest Rating - Class A
MATERIAL	Fiberglass Asphalt Construction
WIND WARRANTY	130 mph
WIND RATING	130 mph
SHINGLE STYLE	Slate Look
SHINGLE TYPE	Designer Shingles
APPROX. NAILS/SQ	288
AWARDS & RECOGNITION:	Good Housekeeping Rated
DIMENSIONS (SP):	17" x 40" (431.8 mm x 1016 mm)
STAINGUARD®:	Yes
ALGAE STAIN PROTECTION:	StainGuard® Protection
\$ - \$\$\$\$:	\$\$\$\$
DURABILITY & TOUGHNESS:	Advanced Protection Shingle with GAF Dura Grip Adhesive

SPECIFICATIONS (ALL DIMENSIONS ARE NOMINAL)

EXPOSURE: 7 1/2" (190.5 mm)

EXTREME WEATHER IMPACT RATED: No

FIRE RATING: Highest Rating - Class A

MATERIAL: Fiberglass Asphalt Construction

WIND WARRANTY: 130 mph

WIND RATING: 130 mph

SHINGLE STYLE: Slate Look

SHINGLE TYPE: Designer Shingles

APPROX. NAILS/SQ: 288

CODES & APPLICABLE STANDARDS

FBC State of Florida approved

ICC ESR-1475

ICC AC438 Obtained ESR 3267 evaluation from ICC Evaluation Services based on compliance with the requirements of AC438, an acceptance criteria established by ICC Evaluation Services to evaluate asphalt shingles that contains performance tests in addition to those required by the building code. (ICC Evaluation Services provides technical evaluations of building products that directly address the issue of code compliance. Building inspectors use these evaluation reports to help determine code compliance and enforce building regulations.)

MIAMI-DADE COUNTY Miami-Dade County Product Control approved

TDI Texas Department of Insurance listed

FBC: State of Florida approved

ICC : ESR-1475

ICC AC438: Obtained ESR 3267 evaluation from ICC Evaluation Services based on compliance with the requirements of AC438, an acceptance criteria established by ICC Evaluation Services to evaluate asphalt shingles that contains performance tests in addition to those required by the building code. (ICC Evaluation Services provides technical evaluations of building products that directly address the issue of code compliance. Building inspectors use these evaluation reports to help determine code compliance and enforce building regulations.)

MIAMI-DADE COUNTY: Miami-Dade County Product Control approved

TDI: Texas Department of Insurance listed

TESTING METHODS

ASTM D3018	Yes
ASTM D3161	Class F
ASTM D3462	Yes
ASTM D7158	Class H
CSA A123.5	Yes
TAS 100-95	Yes
UL 790	Class A
UL 997	modified to 110 mph

ASTM D3018: Yes

ASTM D3161: Class F

ASTM D3462: Yes

ASTM D7158: Class H

CSA A123.5: Yes

TAS 100-95: Yes

UL 790: Class A

UL 997: modified to 110 mph

ENERGY RATING

ENERGY STAR® CERTIFIED (U.S. ONLY) No

TITLE 24 (CALIFORNIA ENERGY COMMISSION) No

ENERGY STAR® CERTIFIED (U.S. ONLY): No

TITLE 24 (CALIFORNIA ENERGY COMMISSION): No

SHIPPING AND PACKAGING

APPROX. PIECES/SQ 48

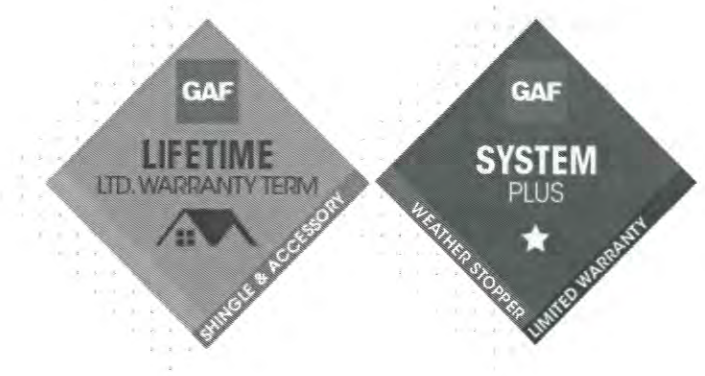
APPROX. BUNDLES/SQ 3

APPROX. PIECES/SQ: 48

APPROX. BUNDLES/SQ: 3

Get automatic Lifetime Protection on your entire GAF roofing system

When you install any GAF Lifetime Shingle and at least 3 qualifying GAF accessories, you'll automatically get a Lifetime limited warranty on your shingles and all qualifying GAF accessories*.







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Fax 570-629-0306
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Bartonsville, PA 18321

559 Main Street, Suite 230
Bethlehem, PA 18018
610-419-9407
Fax 610-419-9408

www.bjengineers.com

August 20, 2020

Ms. Christine Hart, Borough Manager
North Wales Borough
300 School Street
North Wales, Pennsylvania 19454

**SUBJECT: PROJECT AWARD RECOMMENDATION
NORTH WALES BOROUGH 2020 PAVING PROJECT
NORTH WALES BOROUGH, MONTGOMERY COUNTY
PROJECT NO. 2068028**

Dear Ms. Hart:

Boucher & James, Inc. has reviewed the North Wales Borough 2020 Paving Project bids received by North Wales Borough on August 11, 2020. The project was bid through the web-based program PennBid.

Bids were received from seven (7) contractors. All bids were checked for completeness, mathematical errors, and for accuracy. A bid tabulation sheet has been prepared and is included with this letter.

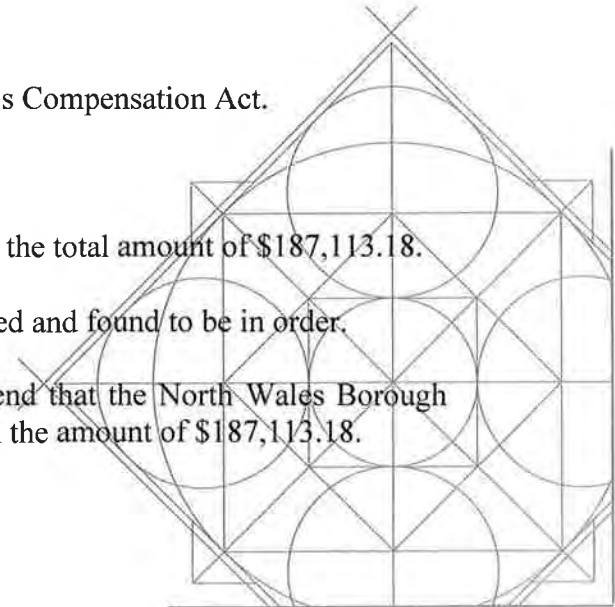
The lowest responsible bidder, Delaware Valley Paving, met the minimum acceptable criteria for bid submission, as required by the Contract Documents which included:

1. Documents received via PennBid.
2. Bid Bond attached (10% of Base Bid).
3. Bidder's Qualifications were submitted.
4. Bids presented on proper Bid Form.
5. Affidavit Reaccepting Provisions of the Workmen's Compensation Act.
6. Non-Collusion Affidavit.
7. Certificate as to Corporate Principal.

Delaware Valley Paving's base bid for Priority A work was in the total amount of \$187,113.18.

All bid information from Delaware Valley Paving was reviewed and found to be in order.

Based on the review of all bids and bid prices, we recommend that the North Wales Borough 2020 Paving Project be awarded to Delaware Valley Paving in the amount of \$187,113.18.

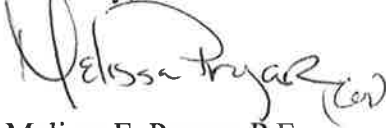


Ms. Christine Hart, Borough Manager – North Wales Borough
Project Award Recommendation – North Wales Borough 2020 Paving Project
August 20, 2020
Page 2

Be advised this project had two (2) bid alternatives which included additional work along various roads throughout the Borough. Delaware Valley Paving is also the lowest bidder with bid alternatives. The total project cost with Alternate Bid B for Priority A and B work is \$334,031.46 and the total project cost with Alternate Bids B and C for Priority A, B, and C work is \$480,978.21.

Please contact me if you have any additional questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Melissa Prugar" with a circled "en" at the end, indicating an enclosure.

Melissa E. Prugar, P.E.
Borough Engineer

MEP/cg

Enclosure: One (1) copy of the North Wales Borough 2020 Paving Project Bid Tabulation

S:\2020\2068028\Documents\Reports\Contract Documents\Bids\Award_Recommendation.doc

NORTH WALES BOROUGH 2020 PAVING PROJECT BID TABULATION

Bid Tabulation with Line Item Pricing

11-Aug-20

Reference Number	Description	Type	UOM	Quantity	Delaware Valley Paving	GoreCon Inc.	James D. Morrissey, Inc.	Blooming Glen Contractors	T. Schiefer Contractors, Inc.	Marino Corporation	Harris Blacktopping Inc.
Base Bid A-Item A 1	1 1/2" Depth Mill of the Roadway Surface	Base	SY	6,405.00	\$ 14,411.25	\$ 17,485.65	\$ 16,012.50	\$ 20,816.25	\$ 21,777.00	\$ 15,051.75	\$ 31,704.75
Base Bid A-Item A 2	Additional 2" Depth Mill of the Repair Areas	Base	SY	5,800.00	\$ 13,050.00	\$ 18,908.00	\$ 17,400.00	\$ 22,040.00	\$ 20,880.00	\$ 13,630.00	\$ 38,280.00
Base Bid A-Item A 3	Install 2" Superpave Binder 19.0 mm	Base	TN	667	\$ 48,090.70	\$ 54,934.12	\$ 54,694.00	\$ 51,559.10	\$ 58,029.00	\$ 72,703.00	\$ 74,037.00
Base Bid A- Item-A 4	Apply Tack Coat at 0.25 Gal/SY	Base	SY	6,405.00	\$ 2,241.75	\$ 2,882.25	\$ 5,444.25	\$ 2,882.25	\$ 4,611.60	\$ 3,202.50	\$ 6,405.00
Base Bid A-Item A 5	Install 1 1/2" Superpave Wearing Course 9.5 mm mix	Base	TN	538	\$ 40,350.00	\$ 40,909.52	\$ 44,654.00	\$ 47,613.00	\$ 46,671.50	\$ 61,332.00	\$ 59,180.00
Base Bid A-Item A 6	Asphalt Joint & Seam Sealing (At Curblines, Joints, Structures)	Base	LF	4,196.00	\$ 2,727.40	\$ 3,147.00	\$ 2,517.60	\$ 4,405.80	\$ 2,811.32	\$ 3,356.80	\$ 4,196.00
Base Bid A-Item A 7	Replace ADA Handicap Ramp with DWS	Base	EA	17	\$ 63,750.00	\$ 91,044.69	\$ 79,135.00	\$ 68,000.00	\$ 75,650.00	\$ 88,400.00	\$ 72,250.00
Base Bid A-Item A 8	Remove Crosswalk Pavement Marking	Base	LS	1	\$ 1,900.00	\$ 1,744.17	\$ 1,600.00	\$ 1,730.00	\$ 1,900.00	\$ 1,700.00	\$ 2,080.00
Base Bid A-Item A 9	Re-Stripe Double Yellow Line	Base	LF	47	\$ 124.08	\$ 112.80	\$ 103.40	\$ 112.80	\$ 124.55	\$ 112.80	\$ 141.00
Base Bid A-Item A 10	Crosswalk Pavement Marking	Base	LF	55	\$ 198.00	\$ 179.85	\$ 165.00	\$ 178.75	\$ 198.00	\$ 181.50	\$ 220.00
Base Bid A-Item A 11	Stop Bar	Base	EA	1	\$ 270.00	\$ 245.27	\$ 225.00	\$ 243.00	\$ 270.00	\$ 246.00	\$ 300.00
Total Base Bid (Priority A Work)					\$ 187,113.18	\$ 231,593.32	\$ 221,950.75	\$ 219,580.95	\$ 232,922.97	\$ 259,916.35	\$ 288,793.75
Alt Bid B 100	1 1/2" Depth Mill of the Roadway Surface	Option	SY	5,555.00	\$ 12,498.75	\$ 15,998.40	\$ 15,276.25	\$ 21,109.00	\$ 18,887.00	\$ 13,054.25	\$ 27,497.25
Alt Bid B 101	Additional 2" Depth Mill of the Repair Areas	Option	SY	4,580.00	\$ 10,305.00	\$ 13,877.40	\$ 16,030.00	\$ 21,068.00	\$ 16,488.00	\$ 10,763.00	\$ 30,228.00
Alt Bid B 102	Install 2" Superpave Binder 19.0mm	Option	TN	506	\$ 40,039.78	\$ 40,318.08	\$ 48,070.00	\$ 43,516.00	\$ 44,022.00	\$ 55,154.00	\$ 56,166.00
Alt Bid B 103	Apply Tack Coat at 0.25 Gal/SY	Option	SY	5,555.00	\$ 1,944.25	\$ 2,222.00	\$ 4,721.75	\$ 2,777.50	\$ 3,999.60	\$ 2,777.50	\$ 5,555.00
Alt Bid B 104	Install 1 1/2" Superpave Wearing Course 9.5 mm mix	Option	TN	465	\$ 34,875.00	\$ 35,600.40	\$ 41,850.00	\$ 44,361.00	\$ 40,338.75	\$ 53,010.00	\$ 51,150.00
Alt Bid B 105	Asphalt Joint & Seam Sealing (At Curblines, Joints, Structures)	Option	LF	3,430.00	\$ 2,229.50	\$ 2,572.50	\$ 2,058.00	\$ 4,116.00	\$ 2,298.10	\$ 2,744.00	\$ 3,430.00
Alt Bid B 106	Replace ADA Handicap Ramps with DWS	Option	EA	8	\$ 30,000.00	\$ 42,751.52	\$ 37,240.00	\$ 32,000.00	\$ 35,600.00	\$ 41,600.00	\$ 34,000.00
Alt Bid B 107	Install New ADA Handicap Ramp with DWS	Option	EA	4	\$ 14,000.00	\$ 21,784.56	\$ 18,620.00	\$ 16,000.00	\$ 17,800.00	\$ 20,800.00	\$ 22,900.00
Alt Bid B 108	Crosswalk Paving Marking	Option	LF	210	\$ 756.00	\$ 686.70	\$ 630.00	\$ 682.50	\$ 756.00	\$ 693.00	\$ 840.00
Alt Bid B 109	Stop Bar	Option	EA	1	\$ 270.00	\$ 245.27	\$ 225.00	\$ 243.00	\$ 270.00	\$ 246.00	\$ 300.00
Total Alternate Bid B (Priority B Work)					\$ 146,918.28	\$ 176,056.83	\$ 184,721.00	\$ 185,873.00	\$ 180,459.45	\$ 200,841.75	\$ 232,066.25

Reference Number	Description	Type	UOM	Quantity	Delaware Valley Paving	GoreCon Inc.	James D. Morrissey, Inc.	Blooming Glen Contractors	T. Schiefer Contractors, Inc.	Marino Corporation	Harris Blacktopping Inc.
Alt Bid C 200	1 1/2" Depth Mill of the Roadway Surface	Option	SY	5,795.00	\$ 13,038.75	\$ 15,704.45	\$ 14,487.50	\$ 21,151.75	\$ 19,703.00	\$ 13,618.25	\$ 28,685.25
Alt Bid C 201	Additional 2" Depth Mill of the Repair Areas	Option	SY	5,245.00	\$ 11,801.25	\$ 15,420.30	\$ 18,357.50	\$ 22,291.25	\$ 18,882.00	\$ 12,325.75	\$ 34,617.00
Alt Bid C 202	Install 2" Superpave Binder 19.0mm	Option	TN	588	\$ 44,100.00	\$ 44,987.88	\$ 52,920.00	\$ 47,098.80	\$ 51,156.00	\$ 64,092.00	\$ 65,268.00
Alt Bid C 203	Apply Tack Coat at .025 Gal/SY	Option	SY	5,795.00	\$ 2,028.25	\$ 2,318.00	\$ 4,925.75	\$ 2,897.50	\$ 4,172.40	\$ 2,897.50	\$ 5,795.00
Alt Bid C 204	Install 1 1/2" Superpave Wearing Course 9.5mm mix	Option	TN	487	\$ 36,525.00	\$ 36,880.51	\$ 41,395.00	\$ 46,338.05	\$ 42,247.25	\$ 55,518.00	\$ 53,570.00
Alt Bid C 205	Asphalt Joint & Seam Sealing (At Curblines, Joints, Structures)	Option	LF	3,390.00	\$ 2,203.50	\$ 2,406.90	\$ 2,034.00	\$ 4,068.00	\$ 2,271.30	\$ 2,712.00	\$ 3,390.00
Alt Bid C 206	Replace ADA Handicap Ramp with DWS (at East Montgomery)	Option	EA	9	\$ 33,750.00	\$ 47,674.08	\$ 41,895.00	\$ 36,000.00	\$ 40,050.00	\$ 46,800.00	\$ 38,250.00
Alt Bid C 207	Install New ADA Handicap Ramp with DWS	Option	EA	1	\$ 3,500.00	\$ 5,542.29	\$ 4,655.00	\$ 4,000.00	\$ 4,450.00	\$ 5,200.00	\$ 5,725.00
Total Alternate Bid C (Priority C Work)					\$ 146,946.75	\$ 170,934.41	\$ 180,669.75	\$ 183,845.35	\$ 182,931.95	\$ 203,163.50	\$ 235,300.25
Total Project Cost (Base Bid +Alternate Bid B + Alternate Bid C)					\$ 480,978.21	\$ 578,584.56	\$ 587,341.50	\$ 589,299.30	\$ 596,314.37	\$ 663,921.60	\$ 756,160.25

**Borough of North Wales
General Obligation Notes, 2020 Series
Sources and Uses of Funds**

<u>Sources of Funds</u>	<u>Amount</u>
General Obligation Notes, 2020 Series	<u>\$ 1,000,000.00</u>
Total sources of funds	<u><u>\$ 1,000,000.00</u></u>

<u>Uses of Funds</u>	
2020 Project	<u>\$ 980,868.75</u>
Subtotal	<u>980,868.75</u>
Costs of Issuance	
DeVal origination costs	5,000.00
Rating	13,000.00
Newspaper advertisements	1,050.00
DCED application fee	<u>81.25</u>
Subtotal	<u>19,131.25</u>
Total uses of funds	<u><u>\$ 1,000,000.00</u></u>

*Delaware Valley Regional Finance Authority
Calhoun Baker Inc., Program Administrator
August 19, 2020*

**Borough of North Wales
General Obligation Notes, 2020 Series
Estimated Debt Service Payments**

<i>Fiscal</i> <i>Year</i> <i>Ending</i>	<i>Principal</i> <i>Amount</i> (1)	<i>Interest</i> <i>Rate</i> (2)	<i>Interest</i> <i>Payment</i> (3)	<i>Total</i> <i>Payment</i>
25-Dec-20	\$ -	1.011%	\$ 2,022.00	\$ 2,022.00
25-Dec-21	62,000.00	1.011%	9,953.31	71,953.31
25-Dec-22	63,000.00	1.011%	9,324.00	72,324.00
25-Dec-23	63,000.00	1.011%	8,687.04	71,687.04
25-Dec-24	64,000.00	1.011%	8,047.56	72,047.56
25-Dec-25	65,000.00	1.011%	7,398.00	72,398.00
25-Dec-26	65,000.00	1.011%	6,740.88	71,740.88
25-Dec-27	66,000.00	1.011%	6,081.21	72,081.21
25-Dec-28	67,000.00	1.011%	5,411.37	72,411.37
25-Dec-29	67,000.00	1.011%	4,734.00	71,734.00
25-Dec-30	68,000.00	1.011%	4,054.17	72,054.17
25-Dec-31	69,000.00	1.011%	3,364.14	72,364.14
25-Dec-32	69,000.00	1.011%	2,666.49	71,666.49
25-Dec-33	70,000.00	1.011%	1,966.41	71,966.41
25-Dec-34	71,000.00	1.011%	1,256.22	72,256.22
25-Dec-35	71,000.00	1.011%	538.38	71,538.38
25-Dec-36	-		-	-
25-Dec-37	-		-	-
25-Dec-38	-		-	-
25-Dec-39	-		-	-
25-Dec-40	-		-	-
Total	<u>\$ 1,000,000.00</u>		<u>\$ 82,245.18</u>	<u>\$ 1,082,245.18</u>

- (1) Principal is payable annually, commencing on: 25-Sep-21
- (2) Fixed rate terminates on: 25-Sep-35 Option date: ***
Rate assumes spread for the DelVal administrative expenses and net payments on debt service and interest rate swap agreements equals 0.40%.
- (3) Interest is payable monthly, commencing on: 25-Oct-20
Interest accrues from: 13-Oct-20

*Delaware Valley Regional Finance Authority
Calhoun Baker Inc., Program Administrator
August 19, 2020*

**Borough of North Wales
General Obligation Notes, 2020 Series
Estimated Debt Service Payments**

<i>Fiscal</i> <i>Year</i> <i>Ending</i>	<i>Principal</i> <i>Amount</i> (1)	<i>Interest</i> <i>Rate</i> (2)	<i>Interest</i> <i>Payment</i> (3)	<i>Total</i> <i>Payment</i>
25-Dec-20	\$ -	1.130%	\$ 2,260.01	\$ 2,260.01
25-Dec-21	45,000.00	1.130%	11,172.90	56,172.90
25-Dec-22	45,000.00	1.130%	10,664.37	55,664.37
25-Dec-23	46,000.00	1.130%	10,153.08	56,153.08
25-Dec-24	46,000.00	1.130%	9,633.24	55,633.24
25-Dec-25	47,000.00	1.130%	9,110.61	56,110.61
25-Dec-26	47,000.00	1.130%	8,579.58	55,579.58
25-Dec-27	48,000.00	1.130%	8,045.64	56,045.64
25-Dec-28	49,000.00	1.130%	7,500.42	56,500.42
25-Dec-29	49,000.00	1.130%	6,946.71	55,946.71
25-Dec-30	50,000.00	1.130%	6,390.12	56,390.12
25-Dec-31	50,000.00	1.130%	5,825.16	55,825.16
25-Dec-32	51,000.00	1.130%	5,257.35	56,257.35
25-Dec-33	51,000.00	1.130%	4,681.02	55,681.02
25-Dec-34	52,000.00	1.130%	4,101.93	56,101.93
25-Dec-35	52,000.00	1.130%	3,514.29	55,514.29
25-Dec-36	53,000.00	1.130%	2,923.86	55,923.86
25-Dec-37	54,000.00	1.130%	2,322.21	56,322.21
25-Dec-38	54,000.00	1.130%	1,712.01	55,712.01
25-Dec-39	55,000.00	1.130%	1,098.96	56,098.96
25-Dec-40	56,000.00	1.130%	474.57	56,474.57
Total	<u>\$ 1,000,000.00</u>		<u>\$ 122,368.04</u>	<u>\$ 1,122,368.04</u>

- (1) Principal is payable annually, commencing on: 25-Sep-21
- (2) Fixed rate terminates on: 25-Sep-40 Option date: ***
Rate assumes spread for the DelVal administrative expenses and net payments on debt service and interest rate swap agreements equals 0.40%.
- (3) Interest is payable monthly, commencing on: 25-Oct-20
Interest accrues from: 13-Oct-20

*Delaware Valley Regional Finance Authority
Calhoun Baker Inc., Program Administrator
August 19, 2020*

**Borough of North Wales
General Obligation Notes, 2020 Series
Sources and Uses of Funds**

<u>Sources of Funds</u>	<u>Amount</u>
General Obligation Notes, 2020 Series	<u>\$ 1,500,000.00</u>
Total sources of funds	<u><u>\$ 1,500,000.00</u></u>

<u>Uses of Funds</u>	
2020 Project	<u>\$ 1,478,353.12</u>
Subtotal	<u>1,478,353.12</u>
Costs of Issuance	
DeVal origination costs	7,500.00
Rating	13,000.00
Newspaper advertisements	1,050.00
DCED application fee	<u>96.88</u>
Subtotal	<u>21,646.88</u>
Total uses of funds	<u><u>\$ 1,500,000.00</u></u>

*Delaware Valley Regional Finance Authority
Calhoun Baker Inc., Program Administrator
August 19, 2020*

**Borough of North Wales
General Obligation Notes, 2020 Series
Estimated Debt Service Payments**

<i>Fiscal</i> <i>Year</i> <i>Ending</i>	<i>Principal</i> <i>Amount</i> (1)	<i>Interest</i> <i>Rate</i> (2)	<i>Interest</i> <i>Payment</i> (3)	<i>Total</i> <i>Payment</i>
25-Dec-20	\$ -	1.012%	\$ 3,036.00	\$ 3,036.00
25-Dec-21	92,000.00	1.012%	14,947.23	106,947.23
25-Dec-22	93,000.00	1.012%	14,013.63	107,013.63
25-Dec-23	94,000.00	1.012%	13,069.95	107,069.95
25-Dec-24	95,000.00	1.012%	12,116.16	107,116.16
25-Dec-25	97,000.00	1.012%	11,149.68	108,149.68
25-Dec-26	98,000.00	1.012%	10,165.53	108,165.53
25-Dec-27	99,000.00	1.012%	9,171.21	108,171.21
25-Dec-28	100,000.00	1.012%	8,166.81	108,166.81
25-Dec-29	101,000.00	1.012%	7,152.30	108,152.30
25-Dec-30	102,000.00	1.012%	6,127.62	108,127.62
25-Dec-31	103,000.00	1.012%	5,092.86	108,092.86
25-Dec-32	104,000.00	1.012%	4,047.99	108,047.99
25-Dec-33	106,000.00	1.012%	2,990.43	108,990.43
25-Dec-34	107,000.00	1.012%	1,915.20	108,915.20
25-Dec-35	109,000.00	1.012%	827.28	109,827.28
25-Dec-36	-		-	-
25-Dec-37	-		-	-
25-Dec-38	-		-	-
25-Dec-39	-		-	-
25-Dec-40	-		-	-
Total	<u>\$ 1,500,000.00</u>		<u>\$ 123,989.88</u>	<u>\$ 1,623,989.88</u>

- (1) Principal is payable annually, commencing on: 25-Sep-21
- (2) Fixed rate terminates on: 25-Sep-35 Option date: ***
Rate assumes spread for the DelVal administrative expenses and net payments on debt service and interest rate swap agreements equals 0.40%.
- (3) Interest is payable monthly, commencing on: 25-Oct-20
Interest accrues from: 13-Oct-20

*Delaware Valley Regional Finance Authority
Calhoun Baker Inc., Program Administrator
August 19, 2020*

**Borough of North Wales
General Obligation Notes, 2020 Series
Estimated Debt Service Payments**

<i>Fiscal</i> <i>Year</i> <i>Ending</i>	<i>Principal</i> <i>Amount</i> (1)	<i>Interest</i> <i>Rate</i> (2)	<i>Interest</i> <i>Payment</i> (3)	<i>Total</i> <i>Payment</i>
25-Dec-20	\$ -	1.130%	\$ 3,390.00	\$ 3,390.00
25-Dec-21	67,000.00	1.130%	16,760.73	83,760.73
25-Dec-22	68,000.00	1.130%	16,000.83	84,000.83
25-Dec-23	69,000.00	1.130%	15,229.62	84,229.62
25-Dec-24	70,000.00	1.130%	14,447.04	84,447.04
25-Dec-25	70,000.00	1.130%	13,656.03	83,656.03
25-Dec-26	71,000.00	1.130%	12,862.26	83,862.26
25-Dec-27	72,000.00	1.130%	12,057.12	84,057.12
25-Dec-28	73,000.00	1.130%	11,240.70	84,240.70
25-Dec-29	74,000.00	1.130%	10,412.97	84,412.97
25-Dec-30	74,000.00	1.130%	9,576.72	83,576.72
25-Dec-31	75,000.00	1.130%	8,737.74	83,737.74
25-Dec-32	76,000.00	1.130%	7,887.45	83,887.45
25-Dec-33	77,000.00	1.130%	7,025.79	84,025.79
25-Dec-34	78,000.00	1.130%	6,152.85	84,152.85
25-Dec-35	79,000.00	1.130%	5,268.63	84,268.63
25-Dec-36	80,000.00	1.130%	4,373.13	84,373.13
25-Dec-37	81,000.00	1.130%	3,466.32	84,466.32
25-Dec-38	81,000.00	1.130%	2,550.99	83,550.99
25-Dec-39	82,000.00	1.130%	1,632.90	83,632.90
25-Dec-40	<u>83,000.00</u>	1.130%	<u>703.44</u>	<u>83,703.44</u>
Total	<u>\$ 1,500,000.00</u>		<u>\$ 183,433.26</u>	<u>\$ 1,683,433.26</u>

- (1) Principal is payable annually, commencing on: 25-Sep-21
- (2) Fixed rate terminates on: 25-Sep-40 Option date: ***
Rate assumes spread for the DelVal administrative expenses and net payments on debt service and interest rate swap agreements equals 0.40%.
- (3) Interest is payable monthly, commencing on: 25-Oct-20
Interest accrues from: 13-Oct-20

*Delaware Valley Regional Finance Authority
Calhoun Baker Inc., Program Administrator
August 19, 2020*

**Borough of North Wales
General Obligation Notes, 2020 Series
Sources and Uses of Funds**

<u>Sources of Funds</u>	<u>Amount</u>
General Obligation Notes, 2020 Series	<u>\$ 2,000,000.00</u>
Total sources of funds	<u><u>\$ 2,000,000.00</u></u>
 <u>Uses of Funds</u>	
2020 Project	<u>\$ 1,975,837.50</u>
Subtotal	<u>1,975,837.50</u>
Costs of Issuance	
DeVal origination costs	10,000.00
Rating	13,000.00
Newspaper advertisements	1,050.00
DCED application fee	<u>112.50</u>
Subtotal	<u>24,162.50</u>
Total uses of funds	<u><u>\$ 2,000,000.00</u></u>

*Delaware Valley Regional Finance Authority
Calhoun Baker Inc., Program Administrator
August 19, 2020*

**Borough of North Wales
General Obligation Notes, 2020 Series
Estimated Debt Service Payments**

<i>Fiscal Year Ending</i>	<i>Principal Amount (1)</i>	<i>Interest Rate (2)</i>	<i>Interest Payment (3)</i>	<i>Total Payment</i>
25-Dec-20	\$ -	1.011%	\$ 4,044.00	\$ 4,044.00
25-Dec-21	124,000.00	1.011%	19,906.59	143,906.59
25-Dec-22	125,000.00	1.011%	18,650.43	143,650.43
25-Dec-23	127,000.00	1.011%	17,381.64	144,381.64
25-Dec-24	128,000.00	1.011%	16,095.12	144,095.12
25-Dec-25	129,000.00	1.011%	14,798.52	143,798.52
25-Dec-26	131,000.00	1.011%	13,489.29	144,489.29
25-Dec-27	132,000.00	1.011%	12,162.33	144,162.33
25-Dec-28	133,000.00	1.011%	10,825.29	143,825.29
25-Dec-29	135,000.00	1.011%	9,475.62	144,475.62
25-Dec-30	136,000.00	1.011%	8,108.22	144,108.22
25-Dec-31	137,000.00	1.011%	6,730.74	143,730.74
25-Dec-32	139,000.00	1.011%	5,340.63	144,340.63
25-Dec-33	140,000.00	1.011%	3,932.79	143,932.79
25-Dec-34	141,000.00	1.011%	2,514.87	143,514.87
25-Dec-35	143,000.00	1.011%	1,084.32	144,084.32
25-Dec-36	-		-	-
25-Dec-37	-		-	-
25-Dec-38	-		-	-
25-Dec-39	-		-	-
25-Dec-40	-		-	-
Total	<u>\$ 2,000,000.00</u>		<u>\$ 164,540.40</u>	<u>\$ 2,164,540.40</u>

- (1) Principal is payable annually, commencing on: 25-Sep-21
- (2) Fixed rate terminates on: 25-Sep-35 Option date: ***
Rate assumes spread for the DelVal administrative expenses and net payments on debt service and interest rate swap agreements equals 0.40%.
- (3) Interest is payable monthly, commencing on: 25-Oct-20
Interest accrues from: 13-Oct-20

*Delaware Valley Regional Finance Authority
Calhoun Baker Inc., Program Administrator
August 19, 2020*

**Borough of North Wales
General Obligation Notes, 2020 Series
Estimated Debt Service Payments**

<i>Fiscal</i> <i>Year</i> <i>Ending</i>	<i>Principal</i> <i>Amount</i> (1)	<i>Interest</i> <i>Rate</i> (2)	<i>Interest</i> <i>Payment</i> (3)	<i>Total</i> <i>Payment</i>
25-Dec-20	\$ -	1.130%	\$ 4,519.99	\$ 4,519.99
25-Dec-21	90,000.00	1.130%	22,345.71	112,345.71
25-Dec-22	91,000.00	1.130%	21,325.89	112,325.89
25-Dec-23	92,000.00	1.130%	20,294.79	112,294.79
25-Dec-24	93,000.00	1.130%	19,252.38	112,252.38
25-Dec-25	94,000.00	1.130%	18,198.63	112,198.63
25-Dec-26	95,000.00	1.130%	17,133.66	112,133.66
25-Dec-27	96,000.00	1.130%	16,057.32	112,057.32
25-Dec-28	97,000.00	1.130%	14,969.70	111,969.70
25-Dec-29	98,000.00	1.130%	13,870.77	111,870.77
25-Dec-30	99,000.00	1.130%	12,760.50	111,760.50
25-Dec-31	100,000.00	1.130%	11,639.01	111,639.01
25-Dec-32	101,000.00	1.130%	10,506.15	111,506.15
25-Dec-33	103,000.00	1.130%	9,359.19	112,359.19
25-Dec-34	104,000.00	1.130%	8,192.49	112,192.49
25-Dec-35	105,000.00	1.130%	7,014.48	112,014.48
25-Dec-36	106,000.00	1.130%	5,825.13	111,825.13
25-Dec-37	107,000.00	1.130%	4,624.56	111,624.56
25-Dec-38	109,000.00	1.130%	3,409.80	112,409.80
25-Dec-39	110,000.00	1.130%	2,175.27	112,175.27
25-Dec-40	110,000.00	1.130%	932.22	110,932.22
Total	<u>\$ 2,000,000.00</u>		<u>\$ 244,407.64</u>	<u>\$ 2,244,407.64</u>

- (1) Principal is payable annually, commencing on: 25-Sep-21
- (2) Fixed rate terminates on: 25-Sep-40 Option date: ***
Rate assumes spread for the DelVal administrative expenses and net payments on debt service and interest rate swap agreements equals 0.40%.
- (3) Interest is payable monthly, commencing on: 25-Oct-20
Interest accrues from: 13-Oct-20

*Delaware Valley Regional Finance Authority
Calhoun Baker Inc., Program Administrator
August 19, 2020*

BOROUGH OF NORTH WALES
 300 SCHOOL STREET
 NORTH WALES, PENNSYLVANIA

REMOTE MEETING: August 11, 2020 7:00 PM, EST

CALL TO ORDER made by President Sando.

ROLL CALL:	Salvatore Amato	Present
	James Cherry	Present
	Sherwin Collins	Present
	Ronald S. Little, Jr.	Present
	Wendy McClure	Present
	Sally Neiderhiser	Present
	Eion O'Neill	Present
	James Sando	Present
	Mark Tarlecki	Present
	Mayor Gregory D'Angelo	Present

Also in attendance were Gregory Gifford, Borough Solicitor, Alan Guzzardo, Assistant Borough Manager, Michael Eves, Chief of Police and Brian Sleicher, Public Works Crew Leader.

This meeting was held remotely via Zoom due to COVID-19 restrictions.

President Sando led the Pledge of Allegiance.

William Kaelin, Borough Emergency Management Coordinator, provided an impact and aftermath report relating to Tropical Storm Isaias, which occurred on Tuesday, August 4, 2020. Mr. Kaelin commended emergency services and Borough officials for their efforts in helping to keep people safe during the storm including, but not limited to setting up roadblocks on flooded roadways, assisting with water rescues, keeping stormwater inlets clear to ensure adequate drainage and checking on residents within their homes.

Public Comment

There was none.

Presentation: 2019 Municipal Annual Audit & Financial Report

Christopher Herr of Maillie, LLP, Borough Auditor, presented the Borough's 2019 Municipal Annual Audit and Financial Report. Mr. Herr reviewed the 2019 Audit in detail, he also explained the Auditor's Opinion Letter and explained that because the Borough received over \$750,000 in federal funding for the Safe Routes to School Project, a single audit was also necessary to perform.

Member Amato asked what why Boroughs are audited. Mr. Herr stated the purpose of the Audit Report is to provide an assessment of the Borough's financial statement. He then added that the assessment is to ensure that the Borough's financial reporting is reliable and accurate.

Presentation: Plan Proposal – 501 E. Walnut St.

This item was postponed until the September 8th Council meeting.

Announcement: 2020 Paving Project Bids

Manager Hart opened and announced the 2020 Paving Projects bids.

Council asked for clarification on the bid requirements, the grant award process and how to ensure that the selected contractor will provide high quality work. Manager Hart and Solicitor Gifford commented that Borough Code provides provisions relating contractor's performance, thresholds, change order requirements, bonds, etc. She also commented that field inspections are conducted during the process.

Consideration: Escrow Release No. 1 – 215 Church St.

Member Tarlecki asked for confirmation that all items have been completed for Lot #1, (217 Church Street). Manager Hart confirmed that all the engineering items have been completed. However, final building inspections have not been performed yet because there is still some more work that is needed. Manager Hart explained, Certificate of Occupancy issuance is different from escrow release relating to SALDO agreements.

Member Neiderhiser made a motion to approve Escrow Release No. 1 in the amount of \$13,194.86 for the 215 Church Street subdivision project. Member McClure seconded the motion. Roll Call Vote was taken. Motion passed 9 yes, 0 no.

Consideration: PennDOT Master Agreement for Casting Adjustments

Manager Hart provided an overview of the agreement and explained what utility castings are.

Member O'Neill asked why PennDOT is not responsible for castings on state roads. Manager Hart explained that PennDOT does not own the underground utilities, i.e. stormwater and sewer. The utilities are owned by both private utility and public agencies.

Member Neiderhiser made a motion to approve a Master Agreement for Casting Adjustments with PennDOT. Member McClure seconded the motion. Roll Call Vote was taken. Motion passed 9 yes, 0 no.

Consideration: Approval of Minutes: August 11, 2020

Member McClure made a motion to approve the August 11, 2020 minutes. Member O'Neill seconded the motion. Roll Call Vote was taken. Motion passed 9 yes, 0 no.

Old Business/Committee & Board Reports/Zoning Applications

Manager Hart announced two Zoning Hearings scheduled for Sept. 1, 2020. One property is located at 136-138 S. Main Street requesting a use variance and the other property is located at 401 W. Walnut Street requesting a special exception along with variances.

President Sando announced the Personnel Committee met last week to discuss the Police Department Feasibility Study.

Solicitor / Mayor / Council / Chief of Police / Manager

Solicitor Gifford announced that Council will be holding an executive session following the meeting to discuss a personnel matter and no immediate action would be taken following the session.

Mayor D'Angelo thanked all emergency services and Borough staff for their efforts during Tropical Storm Isaias. He then announced that he attended a seminar given by the Secret Service on mass shootings that occurred in 2019. Council discussed how local school districts and public agencies are prepared in case an incident ever occurred.

Member McClure encouraged residents to investigate stormwater management solutions to help control stormwater runoff on their properties for future storms. She also commented on how successful the Borough's stormwater facilities were during the storm.

Chief Eves reported that speed enforcement on Tenth Street and Prospect Avenue has been taking place. He also stated that a new part time officer is in the process of being trained.

Manager Hart also thanked everyone for their efforts during the storm. She then announced that today is PA 811 Day and explained the importance of the service to help ensure that excavators do not damage underground utility lines or cause harm to themselves and others.

Member Neiderhiser made a motion to adjourn. Member McClure seconded the motion. Motion passed 9 yes, 0 no.

Meeting adjourned at 8:04 P.M.

Attest: _____
Christine A. Hart
Borough Manager

Borough of North Wales
CHECK DETAIL REPORT
August 2020

0110010 - GENERAL FUND CHECKING

Date	Num	Name	Amount
08/11/2020	6929	BOROUGH OF NORTH WALES POLICE PENSIONPLAN	\$ 2,662.34
08/11/2020	6930	CARDMEMBER SERVICE	\$ 1,037.18
08/11/2020	6931	DELAWARE VALLEY HEALTH TRUST	\$ 6,722.46
08/11/2020	6932	DELAWARE VALLEY MUNICIPAL MGT ASSOC	\$ 200.00
08/11/2020	6933	FISHERS ACE HARDWARE & RENTAL	\$ 19.77
08/11/2020	6934	HATBORO POLICE DEPARTMENT	\$ 816.00
08/11/2020	6935	HOME DEPOT CREDIT SERVICES	\$ 44.60
08/11/2020	6936	PA ONE CALL SYSTEM INC.	\$ 15.40
08/11/2020	6937	PECO 01711-30377 (EVENT ST POWER)	\$ 30.50
08/11/2020	6938	PECO 02951-60039 HESS PARK	\$ 31.23
08/11/2020	6939	PECO 23654-10011 (PW - 599 ELM)	\$ 38.02
08/11/2020	6940	PECO 32937-01304 BORO HALL	\$ 35.76
08/11/2020	6941	PECO 63863-01003 PW GARAGE	\$ 30.39
08/11/2020	6942	PECO 63864-01609 WALNUT SQUARE	\$ 32.79
08/11/2020	6943	PECO 66955-01103 PW GARAGE	\$ 63.65
08/11/2020	6944	PECO 70344-01702 BORO HALL	\$ 650.98
08/11/2020	6945	PECO 79323-09073 125 N MAIN	\$ 57.23
08/11/2020	6946	PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM	\$ 1,082.50
08/11/2020	6947	ROBERT MORTIMER	\$ 13,194.86
08/11/2020	6948	TRANSUNION	\$ 50.00
08/11/2020	6949	U. S. BANK EQUIPMENT FINANCE	\$ 245.65
08/11/2020	6950	VERIZON S0007570	\$ 166.34
08/11/2020	6951	VERIZON WIRELESS	\$ 176.11
08/11/2020	6952	VOYAGER FLEET SYSTEMS INC.	\$ 690.47
08/11/2020	6953	SOUND MANAGEMENT	\$ 7,381.28
08/25/2020	6954	10-8 EMERGENCY VEHICLE SERVICE	\$ 105.00
08/25/2020	6955	21st CENTURY MEDIA - PHILLY CLUSTER	\$ 1,418.43
08/25/2020	6956	AMAZON CAPITAL SERVICES, INC.	\$ 57.08
08/25/2020	6957	ASSOCIATED IMAGING	\$ 50.40
08/25/2020	6958	BERGEY'S	\$ 84.30
08/25/2020	6959	BOUCHER & JAMES INC.	\$ 638.86
08/25/2020	6960	CODE INSPECTIONS, INC	\$ 176.00
08/25/2020	6961	DAVIDHEISER'S INC.	\$ 54.00
08/25/2020	6962	GLOBAL EQUIPMENT COMPANY	\$ 126.94
08/25/2020	6963	KELLNER'S LAWN & LEISURE	\$ 2,385.00
08/25/2020	6964	LOIS NICHOLS	\$ 6.49
08/25/2020	6965	MAGIC SHINE CAR WASH	\$ 50.00
08/25/2020	6966	MAILLIE	\$ 3,700.00
08/25/2020	6967	NWWA 30543700-82705	\$ 25.90
08/25/2020	6968	OFFICE BASICS	\$ 263.49
08/25/2020	6969	PET WASTE ELIMINATOR	\$ 416.00
08/25/2020	6970	PITNEY BOWES - POSTAGE	\$ 200.00
08/25/2020	6971	REPUBLIC SERVICES #320	\$ 173.25
08/25/2020	6972	RICHARD HAGY	\$ 120.00
08/25/2020	6973	THE LANSDALE REPORTER	\$ 105.69

Borough of North Wales
CHECK DETAIL REPORT
 August 2020

	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
	08/25/2020	6974	UNIFORM GEAR, INC	\$ 728.38
	08/25/2020	6975	WITMER PUBLIC SAFETY GROUP INC.	\$ 1,382.40
	08/25/2020	6976	RUBIN GLICKMAN STEINBERG & GIFFORD	\$ 3,330.00
	08/25/2020	6977	PECO 67276-01407 STREET LIGHTS	\$ 1,380.90
	08/25/2020	6978	NORTH PENN VOLUNTEER FIRE CO.	\$ 19,000.00
	08/25/2020	6979	NORTH WALES AREA LIBRARY	\$ 19,000.00
Total 0110010 · GENERAL FUND CHECKING				\$ 90,454.02
1910010 · WEINGARTNER PARK CHECKING				
	08/11/2020	1120	PECO 79540-01509 WEINGARTNER	\$ 33.37
Total 1910010 · WEINGARTNER PARK CHECKING				\$ 33.37
3510010 · LIQUID FUELS CHECKING				
	08/25/2020	1270	PECO 82667-00208 RED LIGHT	\$ 12.46
Total 3510010 · LIQUID FUELS CHECKING				\$ 12.46
TOTAL				\$ 90,499.85

**BOROUGH OF NORTH WALES
MONTGOMERY COUNTY, PENNSYLVANIA**

RESOLUTION 2020-_____

**A RESOLUTION APPROVING AN INTERGOVERNMENTAL COOPERATION
AGREEMENT WITH UPPER GWYNEDD TOWNSHIP TO CREATE
A JOINT BOARD OF APPEALS**

WHEREAS, Article 9, Section 5 of the Pennsylvania Constitution and the Intergovernmental Cooperation Act of 1996 authorize two or more local governments to jointly cooperate with each other in the exercise or performance of their respective governmental functions, powers and responsibilities; and

WHEREAS, the Borough of North Wales and Upper Gwynedd Township desire to form a joint Board of Appeals for the purpose of hearing and deciding appeals of orders, decisions or determinations made by a building official or code official relating to the application and interpretation of municipal building codes encompassed by the Uniform Construction Code;

NOW, THEREFORE, BE IT RESOLVED:

1. North Wales Borough agrees to form a Board of Appeals with Upper Gwynedd Township on the terms and conditions set forth in the Intergovernmental Cooperation Agreement to Create a Board of Appeals, attached hereto as Exhibit "A" and made a part hereof by reference.
2. The president of Borough Council is authorized to execute the Intergovernmental Cooperation Agreement to Create a Board of Appeals.
3. The Borough hereby appoints _____ and _____ to serve as its representatives to the Board of Appeals for a ___ and ___ year term in accordance with Section 3.b. of the Agreement.

RESOLVED THIS _____ DAY OF _____, 2020.

BOROUGH OF NORTH WALES

(BOROUGH SEAL)

By: _____
James Sando, President

ATTEST: _____
Secretary

**INTERGOVERNMENTAL COOPERATION AGREEMENT TO CREATE A BOARD
OF APPEALS**

THIS INTERGOVERNMENTAL COOPERATION AGREEMENT is made and entered into this ____ day of _____, 2020 by and between:

THE BOROUGH OF NORTH WALES (“the Borough”), a Borough organized under the laws of the Commonwealth of Pennsylvania with an address of 300 School Street, North Wales, Pennsylvania, 19454; and

UPPER GWYNEDD TOWNSHIP (“the Township”), a Township of the First Class organized under the laws of the Commonwealth of Pennsylvania with an address of 1 Parkside Place, North Wales, Pennsylvania, 19454.

The above-described parties shall hereinafter be referred to collectively as “Members” or individually as a “Member.”

CONDITIONS OF AGREEMENT AND BACKGROUND

A. WHEREAS, Article 9, Section 5 of the Pennsylvania Constitution and the Intergovernmental Cooperation Act of 1996, 53 Pa. C.S.A. § 2301 *et seq.* (the “Act”) authorize two or more local governments to jointly cooperate with other local governments in the exercise or performance of their respective governmental functions, powers and responsibilities; and

B. WHEREAS, the Pennsylvania General Assembly adopted the Pennsylvania Construction Code Act on November 10, 1999, as Act 45 of 1999, which is codified at 35 P.S. §§ 7210.101 through 7210.1103 (“Act 45”) in order to create a statewide building code which would provide uniform standards for the protection of life, health, property and the environment and for the safety and welfare of the owners and occupants of buildings and structures; and

C. WHEREAS, Act 45 went into effect on April 9, 2004; and

D. WHEREAS, pursuant to Act 45, each Member has adopted an ordinance wherein the respective municipality elected to administer and enforce the Uniform Construction Code contained in 34 Pa. Code Chapters 401-405 as amended from time to time (the “Building Code”); and

E. WHEREAS, the Building Code contemplates the creation of a Board of Appeals to hear and decide appeals of orders, decisions or determinations made by the respective municipality’s building official or code official relating to the application and interpretation of the municipality’s Building Code; and

F. WHEREAS, Act 45 and the regulations promulgated pursuant to Act 45 permit two or more municipalities to establish a joint Board of Appeals through an intergovernmental agreement adopted pursuant to the Act; and

G. WHEREAS, the parties hereto are desirous to form an intergovernmental Board of Appeals which shall act as the Members’ Board of Appeals that will hear and decide appeals taken from the decisions of each of their municipal Code Officials; and

H. WHEREAS, the Members desire to enter this Agreement to form the intergovernmental Board of Appeals (the “Board of Appeals”) and to establish the framework, organization structure and governing regulations under which the Board of Appeals shall operate, and to perform the functions described herein and in the Members’ Building Code which have been adopted by the Members.

NOW, THEREFORE, the Members hereto, intending to be legally bound, agree as follows:

1. **Formation of Intergovernmental Board of Appeals.** Pursuant to the authority granted in the Pennsylvania Constitution, the Act and in Act 45, the Members hereby form an

intergovernmental Board of Appeals to be known as the Joint Board of Appeals (the “Board of Appeals”). The Members shall participate in the Board of Appeals. Additional municipalities may join the Board of Appeals pursuant to the procedure in paragraph 8 herein.

2. Jurisdiction of Board of Appeals.

a. The Board of Appeals shall have jurisdiction over the following matters:

(1) Appeals of orders, decisions or determinations made by the respective Members’ Building Code Official relating to the application and interpretation of the Members’ Building Code that was duly adopted by the Member;

(2) Requests for a variance from a provision of the Members’ Building Code that was duly adopted by the Member; and

(3) Requests for extension of time.

b. The Board of Appeals shall consider the following factors when deciding an appeal which is filed under 2.a.(1) above:

(1) whether the true intent of the Member’s Building Code has been incorrectly interpreted by the Member’s Building Official or Code Official;

(2) whether the provisions of the Building Code do not fully apply;

(3) whether an equivalent or superior form of construction is proposed and should be permitted to be used in lieu of strict conformance with the Member’s Building Code.

c. The Board of Appeals may consider the following factors when ruling on a request for an extension of time or a request for a variance which is filed pursuant to paragraph 2.a.(2) or (3) above:

- (1) the reasonableness of the Building Code's application in a particular case;
- (2) the extent to which the granting of a variance or an extension of time will pose a violation of the Building Code's application in a particular case;
- (3) the availability of professional or technical personnel needed to come into compliance;
- (4) the availability of materials and equipment needed to come into compliance;
- (5) the efforts being made to come into compliance as quickly as possible;
- (6) compensatory features that will provide an equivalent degree of protection to the Building Code.

d. The Board of Appeals shall not have jurisdiction arising from the Member's Zoning Ordinance, Subdivision and Land Development Ordinances or any other ordinance enacted by the Members under the authority of the Pennsylvania Municipalities Planning Code.

3. Organizational Structure/Qualifications of Board Members/Officers.

a. The Board of Appeals shall consist of five (5) representatives. The Township shall appoint three (3) representatives and the Borough shall appoint two (2) representatives. who must have the qualifications and training described in paragraph 3.c. below.

b. The Members have agreed that the terms of office for each representative shall be as follows:

- (1) _____ shall serve a five year term;

- (2) _____ shall serve a four year term;
- (3) _____ shall serve a three year term;
- (4) _____ shall serve a two year term;
- (5) _____ shall serve a one year term.

Thereafter, all newly appointed representatives on the Board of Appeals shall serve for a five (5) year term or until the Members appoint a successor representative.

When a vacancy occurs due to the expiration of the term, resignation, or removal of a representative, the vacancy shall be filled by appointment by the same Member which appointed the representative whose seat has been vacated. Any representative on the Board of Appeals once qualified and appointed may be removed from office for malfeasance, misfeasance or nonfeasance in office or for other cause by majority vote of the governing body of the Member which appointed him or her, or by majority vote of all Members taken after the Member has received fifteen (15) days advance notice of the intent to cause such removal or to take such a vote. A hearing shall be held in connection with such vote if the Member requests it. An appointment made to fill a vacancy arising before the expiration of a representative's term shall be for the unexpired term.

c. The representatives on the Board of Appeals must be qualified by training and experience to pass on matters pertaining to building construction. Training and experience may consist of licensure as an architect or engineer, experience in the construction industry and training or experience as an inspector or plan reviewer.

d. The representatives on the Board of Appeals shall not be elected officials or employees of the Members.

e. The Members shall strive to appoint representatives in the Member's municipalities, however, if the Members cannot find qualified residents to serve on the Board of Appeals, they shall be authorized to appoint a non-resident representative to the Board of Appeals.

4. **Officers/Term of Representatives/Disqualification.**

a. The representatives on the Board of Appeals shall select one representative to serve as Chairperson and one representative to serve as Secretary. The Chairperson shall preside over all meetings and hearings of the Board of Appeals. The Secretary shall keep a detailed record of all proceedings before the Board of Appeals and shall provide copies of all written decisions rendered by the Board of Appeals to each Member.

b. The Chairperson and Secretary shall serve for a term of one (1) year or until such time as the representatives on the Board of Appeals appoint a new Chairperson or Secretary.

c. A representative or alternate representative on the Board of Appeals shall not rule on any appeal in which he or she has a personal interest in the outcome of the appeal.

5. **Term of Agreement.** This Agreement and the Board of Appeals created herein shall have an initial term of five (5) years, which term shall commence on the Effective Date of this Agreement (as defined in paragraph 24). At the expiration of the initial five (5) year term, this Agreement shall automatically renew for successive one (1) year terms unless a majority of the Members vote to terminate this Agreement and their representatives' participation in the Board of Appeals.

6. **Member's Ability to Terminate Membership in Board.** Notwithstanding the provisions of paragraph 5 above, a Member may terminate its participation in the Board of

Appeals provided that the governing body of the Member enacts a resolution authorizing such termination. If a Member's governing body enacts such resolution, the termination shall be effective immediately or a late date which is specified in the Resolution.

7. **Costs Incurred by the Board of Appeals.** Each Member shall pay its own costs and expenses in processing a property owner's appeal to the Board of Appeals (for example, if a property owner in Upper Gwynedd Township files an appeal to the Board of Appeals, Upper Gwynedd Township shall pay for all costs and expenses associated with such appeal). Each Member shall establish its own application fees for filing an appeal to the Board of Appeals, which fees shall be established from time to time by resolution of the governing body of each Member.

8. **Additional Members.** Other municipalities may join the Board of Appeals provided a majority of the Members agree and the governing body of such municipality enacts a resolution approving its participation in the Board of Appeals and provided an authorized officer of such additional municipality(ies) executes a written Joinder agreeing to be bound by the terms of this Agreement and any Bylaws adopted for the Board of Appeals.

9. **Functions of the Board.** It shall be the function of the Board of Appeals to rule upon:

a. Appeals from decisions rendered by the code enforcement officers of the member municipalities regarding the meaning of the Uniform Construction Code provisions or the applicability of such provisions to prospective building projects.

b. Applications for variance from the provisions of the Uniform Construction Code or for extensions to the time extended, by either the Code or code enforcement officer of a Member municipality, to an owner requiring that he take some required action.

10. **Rules and Procedures.** The Board of Appeals shall be authorized to establish policies and procedures necessary to carry out its duties provided that each Member approves the same by resolution of the Member's governing body.

11. **Appeals Procedure.**

a. Filing of Appeal. Appeals to the Board of Appeals shall be filed in the Member municipality where the subject property is located on forms provided by each Member. All appeals from orders, decisions and determinations made by a Member's Building Official or Code Official must be filed within thirty (30) days of the date of the order, decision or determination which is being appealed.

b. Notice of Meeting. The Board of Appeals shall hold a hearing within sixty (60) days from the postmark date or personal service of an appeal, unless the appellant agrees in writing to an extension of time within which to commence the hearing. Notice of the public hearing shall be sent by the Member's Manager or Secretary to all representatives of the Board of Appeals, the appellant landowner, the governing body of each Member, the Member's Building Official. In addition, notice shall be advertised once in a newspaper of general circulation within the municipality where the subject property is located not less than seven (7) nor more than twenty-one (21) days prior to the date of the hearing. Where notices have been sent to any person entitled to receive notice under the terms hereof, the failure to receive such notice shall not be a basis for the invalidation of the hearing, nor deprive the Board of Appeals of jurisdiction, nor compel re-advertising.

c. Public Hearing. All hearings of the Board of Appeals shall be held in the Member municipality where the appeal was filed and shall be open to the public and transcribed by a stenographer. The hearing shall be conducted under and pursuant to the procedure

designated in the Local Agency Law of the Commonwealth of Pennsylvania. The majority of the Board of Appeals shall constitute a quorum, and the majority of the representatives of the Board of Appeals present and voting may render a decision on any matter before the Board of Appeals. At the hearing, the appellant shall be entitled to be represented by counsel and those persons enumerated in paragraph 11.b. as well as any other persons authorized by the Board of Appeals, in its discretion, shall be permitted to intervene as parties.

d. Adjourned Meeting. When the necessary number to constitute a quorum of the Board are not present, if the testimony has not been concluded or for any other reason in the discretion of the Board of Appeals, the Board of Appeals may continue the hearing to a future date. If the hearing is not continued to a date certain, the hearing must be re-advertised in accordance with the procedure in paragraph 11.b. prior to the continued hearing.

e. Legal Counsel. Where legal counsel is desired, an attorney, other than the solicitor of the Member Municipalities, may be appointed to serve as counsel to the Board of Appeals.

12. **Rulings.** In ruling on an appeal, the Board shall find for Appellant if it determines that:

a. The true intent of the Uniform Construction Code, or the act which establishes it as a statewide code, was incorrectly interpreted by the code enforcement officer.

b. The provisions of the Pennsylvania Construction Code Act, Act of November 10, 1999, P.L. 491, 35 P. S. § 7210.10 *et. seq.*, do not apply to the circumstances out of which arose the decision appealed from.

c. A form of construction, equivalent in the Uniform Construction Code, is to be used.

13. **Request for Extension of Time.** In ruling on a request for extension of time or variance, the Board shall consider the following:

- a. The reasonableness of the Uniform Construction Code's applicability to a given set of circumstances.
- b. The degree to which the variance or extension of time requested deviates from strict adherence to the requirements of the Uniform Construction Code.
- c. The extent to which granting the variance or extension of time requested will create an unsafe condition.
- d. The availability of professional or technical personnel needed to come into compliance.
- e. The availability of materials and equipment needed to come into compliance.
- f. The efforts of Applicant to come into compliance as quickly as possible.
- g. Compensatory measures that will provided an equivalent degree of protection to the community.

14. **Decisions.**

a. Action of the Board of Appeals. The Board of Appeals shall affirm, modify or reverse the decision of the Building Official or Code Official by a majority vote of the representatives of the Board of Appeals hearing the appeal. The failure to obtain a majority vote shall constitute affirmance of the action of the Building Official or Code Official.

b. Rendering of Decision. The Board shall render a written decision within forty-five (45) days of the close of the hearings and shall make findings of fact relevant to said application and apply the applicable law to said findings of fact in the rendering its decision.

Copies of the decisions shall be mailed by first class mail to each party before the Board of Appeals and to the governing body of each Member, provided, however, that failure to render a decision within the forty-five (45) day period herein shall not constitute an affirmance or denial.

c. Types of Decision. The Board of Appeals may:

- (1) Deny the request in whole or in part.
- (2) Grant the request in whole or in part.
- (3) Grant the request upon certain conditions being satisfied.

d. Enforcement of Decision. The Member's Building Official or Code Official shall take immediate action in accordance with the decision of the Board of Appeals.

e. Appeal of Decision. The Member, whether or not a party before the Board of Appeals, and any party before the Board of Appeals who is aggrieved by the decision of the Board of Appeals may appeal to the Court of Common Pleas of Montgomery County within thirty (30) days from the date of the rendering of the decision of the Board. The Court of Common Pleas shall review the record on *certiorari* to determine whether or not the Board of Appeals abused its discretion or committed an error of law.

f. The board of appeals may not act upon appeals, requests for variances or for extensions of time relating to accessibility. Such appeals and applications are within the exclusive purview of the Accessibility Advisory Board under § 403.142 of the Uniform Construction Code.

15. **Reorganization.** The Board of Appeals shall reorganize annually, at its first scheduled meeting, by selecting one of its Members as Chairperson and another as Secretary. It shall be the function of the Chairman to conduct meetings and preside at hearings before the Board. In the Chairperson's absence, the Secretary shall assume the chair with a third member

substituting as secretary. In the absence of the secretary, a third member shall assume his or her role. It shall be the function of the secretary to prepare and publish public notice of board meetings, keep minutes of all Board proceedings, prepare all items of Board correspondence and draft and circulate the decisions of the Board. In all matters brought before the Board, the presence of a quorum of Members shall be sufficient to all for the transaction of business.

16. **Fees.** Each Member municipality of the Board of Appeals shall establish a fee to be imposed upon those Appellant-Applicants who present a petition to the Board pertinent to construction within that municipality. The fee shall be used to defray the cost of public notice of any Board of Appeal meetings held to hear or deliberate upon the matter raised in the petition and to cover any other costs incurred in the proceedings. Within thirty (30) days of the date of the written decision, the municipality shall forward to the Appellant an itemized statement listing all draws upon the fee paid at the outset of the appeal. The statement shall be accompanied by the municipality's check in the sum of the unused portion of the Appellant's fee.

17. **Application of Uniform Construction Code.** When an appeal or application concerns construction within a particular Member municipality, the Board of Appeals shall apply the Uniform Construction Code with such modifications to the Uniform Commercial Code as that municipality has enacted through its governing body.

18. **Notices.** Whenever a notice is required to be given to any Member, the addresses listed above shall be used unless a different address is specifically designated by such Member. The notices shall be addressed to each Member's manager. Notices given by certified mail will be considered to have been given two (2) business days after being deposited in the United States mail. Notices given by personal delivery shall be considered to have been given on the date of delivery. Notices given by overnight courier shall be considered to have been given on the first

business day after the date deposited with such overnight courier. Notices given by telecopier shall be deemed given upon completion of transmission as evidenced by the confirmation sheet generated by the sending facsimile machine. Notices may be given on behalf of any party by its counsel.

19. **Governing Law.** This Agreement shall be interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

20. **Severability.** Should any sentence, clause, paragraph, term or provision of this Agreement hereafter be declared to be unconstitutional, illegal, invalid or unenforceable for any reason, such declaration shall not affect or impair the validity or enforceability of the remainder of this Agreement, it being the intention of the Members that this Agreement would have been made and entered into had not such unconstitutional, illegal or invalid provision been incorporated herein.

21. **Entire Agreement.** This writing constitutes the entire agreement among the Members. No modification of the terms of this Agreement shall be effective as to any Member unless approved in writing by such Member in a signed addendum to this Agreement.

22. **Counterparts.** This Agreement may be execute in any number of counterparts each of which when executed shall be deemed to ban original but all such counterparts shall constitute one and the same instrument.

23. **Effective Date.** This Agreement shall be effective on _____, 2020 (“Effective Date”) provided that an authorized representative of each Member has executed this Agreement and each Member has passed a Resolution authorizing participation in the Board of Appeals.

IN WITNESS WHEREOF, the Members have caused these presents to be duly executed and attested with the seal of the respective Member as of the date first mentioned hereinabove.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their hands and seals the day and year above written.

BOROUGH OF NORTH WALES

(BOROUGH SEAL)

By: _____
James Sando, President

ATTEST: _____
Secretary

UPPER GWYNEDD TOWNSHIP

By: _____
Liz McNaney, President



Ms. Christine Hart
Borough Manager
North Wales Borough
300 School Street
North Wales, PA 19455

RE: Delaware Valley Workers' Compensation Trust's
Proposal for Membership Effective October 1, 2020

Dear Christine:

Thank you for allowing Delaware Valley Workers' Compensation Trust (DVWCT) the opportunity to prepare a proposal for your consideration.

DVWCT is not a commercial insurer, but an intergovernmental cooperative program of group self-insurance. Local governments in the region have a long history of cooperative insurance ventures evidenced by a workers' compensation cooperative first formed in 1981. In 1992, DVWCT actually set the foundation for workers' compensation pooling in Pennsylvania when twenty-seven (27) self-insured entities became the first to share their financial obligations. In fact, DVWCT was the first municipal group self-insurance trust allowed to form in the Commonwealth of Pennsylvania. Since municipal risk sharing was first authorized by the Commonwealth, the Trust has been generally recognized across the state as the premier "group fund" regulated by the Department of Labor and Industry's Bureau of Workers' Compensation.

The Trust has maintained a very stable membership base over the past twenty-eight (28) years and has now grown to ninety-four (94) units of local government, all located in Berks, Bucks, Chester, Delaware, Lancaster, Lehigh, Northampton and Montgomery Counties.

We have divided our proposal into four sections:

- I. Coverage;
- II. Financial Stability and Services;
- III. Costs; and
- IV. Summary.

Section I - Coverage

DVWCT provides Pennsylvania statutory workers' compensation and employers liability coverage just as provided in the commercial insurance marketplace. A copy of the current DVWCT Scope of Coverage is attached.

Section II - Financial Stability and Services

DVWCT began operations on January 1, 1992. The Trust's financial plan initially involved very conservative funding for losses for the first five years of operation. Please refer to the audited

financial statement, which indicates that for the year ending December 31, 2019 the Trust had a members' surplus of over \$28,000,000. The case reserves and incurred but not reported (IBNR) reserves are presented in the financial statements on an undiscounted basis which is the most conservative methodology available.

The Trust retains the first \$750,000 of loss in any one occurrence. An excess insurance contract is in force with Midwest Employers Casualty Company, which provides coverage excess of \$750,000 up to the maximum benefits available under Pennsylvania workers' compensation law. Midwest Employers is a licensed insurer in Pennsylvania with a Best's Rating of A+ (Superior) and a Financial Size Category of XV (policyholders' surplus of over \$2 billion). A member of the W. R. Berkley Insurance Group, Midwest Employers specializes in excess workers' compensation and is one of the leading writers of this coverage in the country.

DVWCT is managed by a Board of Trustees comprised of one representative from each municipal member. The Trustees elect five officers who serve as the Executive Committee. The Executive Committee meets monthly and oversees all operations of the Trust. The Trust staff is comprised of a number of professional disciplines - claims adjustment, legal, medical, risk control and industrial hygiene, finance, systems technology - and these professionals are all dedicated to serving the Trust membership. The ready access to high level services is a significant reason why the Trust maintains an exceptional membership retention rate, year-in and year-out.

DVWCT's own in-house staff provides claims administration services. The Trust offers electronic claim filing services and detailed monthly loss reports and can also provide customized claim reports. The claim services are directed by the DVWCT members and are superior to similar services offered by third party administrators or insurance companies.

The Trust has contracted with four local defense firms that specialize in workers' compensation. Through a competitive proposal procedure, the Trust has negotiated very favorable hourly rates with these firms. The Trust controls the defense of claims through its contracts with these firms. As a member of the Trust and through your Trustee, you ultimately have control over how claims are defended.

The Trust offers risk control surveys and specific training programs suited specifically to municipal exposures. We have three highly skilled risk control consultants on staff. The Trust's loss control services also include various seminars throughout the year as well as individualized attention in specific problem areas as needed.

In summary, Trust staff provides tailored expert services for its municipal members and the DVWCT Executive Committee and Board of Trustees have set up and continued a conservative methodology for funding for losses and Members' surplus.

Section III - Costs

Based on the loss, underwriting and exposure information presented, the Trust has developed an estimated annual premium contribution for 2020 (see attached exhibit). We note that the Trust's fiscal year runs January 1 to December 31. The contribution calculation is based on rates which have been approved for 2020 by the Commonwealth's Department of Labor and Industry (L&I).

Using the Trust's rates for 2020 and the experience modification factor of .834 with a pro-rata factor of .249, the **pro-rata** deposit contribution for the October 1, 2020 to January 1, 2021 term would be

\$5,703 based upon the exposures provided by the Borough (total payroll of \$815,000). Assuming the Borough would then be a member of two Delaware Valley trusts, a multi-trust discount of 2% for membership in DVWCT and DVHT (\$114) would result in the estimated pro-rata net cost of **\$5,589**.

Using the Trust's rates for 2020 and the experience modification factor of .834, the estimated annual deposit contribution for 2020 would be **\$22,902** based upon the exposures provided by the Borough (total estimated annual payroll of \$815,000) for the complete January 1, 2020 to January 1, 2021 term. As above, a multi-trust discount of 2% for membership in DVWCT and DVHT (\$458) would result in the estimated annual net cost of **\$22,444**.

We have calculated an experience modification factor of .834 for the coming year that is based on the Borough's audited exposures and loss experience shown in the MRM loss runs provided. The calculation contemplates the October 1, 2016-17, October 1, 2017-18 and October 1, 2018-19 years. Fortunately for the Borough, its unfavorable loss experience from the October 1, 2014-15 year is no longer included in the calculation.

Other Cost Considerations

Please note that we can also match payroll exposures with other proposals and recalculate the Trust's premium contribution to assist you in comparing proposals. Please note that final premium contributions are determined after exposure audit of the completed year by a premium auditor retained by the Trust.

In 2008, the Delaware Valley Trusts began offering multi-trust discounts as a way to reflect the economies-of-scale derived from a member's participation in two or more Trusts. A DVWCT member participating in one additional trust will receive a 2% discount in their workers' compensation premium contribution while a DVWCT member participating in two additional trusts will receive a 3% discount. In addition, the Health Trust and DVPLT each offer their own multi-trust discounts ranging from 2 to 5%. ***Should the Borough join DVWCT in addition to DVHT, the Borough would become eligible for the following multi-trust discounts:***

- ***2% discount from DVWCT (an estimated \$458 annualized as shown above); and***
- ***2% discount from DVHT (an estimated \$2,316 annualized).***

Accordingly, this additional multi-trust discount amount from the Health Trust should also be contemplated in the Borough's cost review of this proposal from DVWCT.

The Trust also works to stabilize premium contributions from one year to the next by using a weighted average experience modification factor in its rating. After the standard experience modification factor is calculated, this current modification and the four prior experience modification factors are averaged with more weight given to the recent years in the calculation. This unique approach helps to reduce or dampen the swings in experience rating, thus allowing more stable premium contributions on renewals.

Excess funds (or members' surplus) are returned to members in three forms: dividends, contribution credits and safety grants.

Over \$24.65 million in cash dividends have been returned to the members since 1995. The dividend returns for each member are a function of premium contributions paid and losses incurred by that

member. The total dividend amount declared by the Trust is a function of the Trust's loss experience as a whole in relation to contributions collected from the entire membership. Dividends, if declared, are paid annually at the Trust Annual Meeting in September. The Trust has paid a dividend every year since 1995.

The Trust also offers contribution credits through a rate stabilization fund (RSF). Members have the option to use the credits allocated to them to reduce their annual premium contribution due, or they may roll their balance over to future years. In effect, the RSF allows each member the discretion of choosing the most opportune time to apply rate relief. If the RSF balance is rolled over to future years, the Trust will add interest, and, if approved by the Trustees, an additional year's allocation to the balance. DVWCT has allocated \$16.25 million to the RSF since 2005.

The Borough would become eligible to receive dividends and/or rate stabilization funding after a full Trust year of experience is incurred and included in the Trust's dividend and rate stabilization funding calculations.

Finally, the Trust offers a safety grant program, whereby members are reimbursed for the costs associated with approved safety related expenditures such as personal protective equipment, worksite safety materials, training programs, etc. The Trust has set aside over \$2.6 million for these grants since they began in 2004. North Wales Borough would be eligible for reimbursement of up to \$500 for approved safety related expenditures in 2021.

Section IV - Summary

Some of the major advantages we see for North Wales Borough in becoming a member of DVWCT are as follows:

1. The Borough would be part of a homogeneous local group of municipalities and authorities who are professionally managed and have many of the same problems and concerns.
2. The Borough would be a participant in setting the direction of the program by appointing a Trustee to the Board of Trustees.
3. The Borough should see a noticeable and significant improvement in the level of service in all aspects of workers' compensation administration: claims, loss reporting, risk control, defense counsel management of contested claims, medical case management.
4. Long term, the Borough's costs ultimately will be lower because of the Trust's low expense ratio (as compared to commercial insurers) and because of the return of any excess investment income and underwriting income to the members through dividends, rate stabilization fund credits and safety grants.

Member Responsibilities

DVWCT requires a minimum commitment of two years from its new members. Other duties and responsibilities of members are found in the Trust Agreement and the By-laws, which we have enclosed.

Ms. Hart
Page 5
August 7, 2020

Like all members, North Wales Borough will be required to pass a resolution (sample enclosed) and sign the Trust Agreement, returning originals of both to the Trust office at your earliest convenience.

Prior to joining the Trust, the following conditions must be met:

- In accordance with the requirements of the Trust Agreement, North Wales Borough must be approved as a member of the Trust by two-thirds of the membership. We are in the process of balloting the membership and we will keep you apprised of the response.
- An additional requirement of the Trust Agreement is that North Wales Borough must be approved by Delaware Valley Trusts' Risk Control Department. Our understanding is that one of the Risk Control representatives has been in touch with you to schedule a visit with the Borough. As soon as we hear back from Risk Control, we will update you.
- Further, should North Wales Borough decide to join the Trust, we would need completion of a Commonwealth Department of Labor and Industry application for new members (Trust will complete except for Borough official's signature) in order to satisfy regulatory requirements.

As a risk-sharing pool owned, managed and controlled by local governmental entities in southeastern Pennsylvania, the Trust is uniquely qualified to serve North Wales Borough's workers' compensation coverage and service needs. We look forward to discussing this proposal with you. Please call if you have any questions.

Very truly yours,



Robert G. Solarz
Executive Director

cc:

RGS/jct

Enclosures

BOROUGH OF NORTH WALES

MONTGOMERY COUNTY, PENNSYLVANIA

[RESOLUTION NUMBER]

A RESOLUTION AUTHORIZING THE PARTICIPATION OF THE **BOROUGH OF NORTH WALES** IN THE DELAWARE VALLEY WORKERS' COMPENSATION TRUST IN ACCORDANCE WITH THE PENNSYLVANIA WORKERS' COMPENSATION ACT AND THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION LAW.

The COUNCIL of the **BOROUGH OF NORTH WALES** located in **MONTGOMERY** County, Pennsylvania does hereby resolve as follows:

Section 1. That the **JAMES SANDO** of the **COUNCIL** for the **BOROUGH OF NORTH WALES** (hereinafter the "Municipality") is hereby authorized to execute the Delaware Valley Workers' Compensation Trust Intergovernmental Agreement (the "Trust Agreement") for the participation of the Municipality in the Delaware Valley Workers' Compensation Trust (the "Trust"), which Agreement is attached hereto as **Exhibit "A"** and is on file for inspection and review at the offices of the Municipality. The Trust Agreement may be amended after the adoption of this Resolution in accordance with the terms and conditions contained therein and to conform to any requirements imposed by the Commonwealth of Pennsylvania and any of its agencies, including the Department of Labor and Industry, Bureau of Workers' Compensation.

Section 2. That the participation of the Municipality in the Delaware Valley Workers' Compensation Trust is authorized for the purposes of enabling the Municipality to reduce the cost or workers' compensation claims through its participation in a group self-insurance fund. Participation in the Delaware Valley Workers' Compensation Trust is desirable for the health, safety and welfare of the people served by this Municipality.

Section 3. That the Municipality delegates to the Delaware Valley Workers' Compensation Trust the authority to pay workers' compensation benefits on its behalf in accordance with the Pennsylvania Workers' Compensation Act and the Pennsylvania Occupational Disease Act.

Section 4. That Commonwealth of Pennsylvania Department of Labor and Industry Bureau of Workers' Compensation has approved the issuance of a permit to the Delaware Valley Workers' Compensation Trust to operate as a group self-insurance fund subject to certain conditions.

Section 5. As an approved self-insurance fund, the Delaware Valley Workers' Compensation Trust will be responsible for the payment of workers' compensation claims on behalf of all Trust Participants.

Section 6. As set forth in the Trust Agreement and as otherwise stated herein, the following conditions, among others, apply to the participation of the Municipality in the Delaware Valley Workers' Compensation Trust:

- a) That the Trust shall consist of at least five homogeneous Trust Participants organized as local government agencies under Pennsylvania law;
- b) That each Trust Participant satisfies all eligibility and admission requirements for membership in the Trust.
- c) That each Trust Participant pledges and agrees to appropriate funds to pay all its annual contributions and assessments which are required for the creation of a Fund maintained at a level sufficient to pay all workers' compensation claims and related expense incurred by the Trust Participants;
- d) That each Trust Participant agrees to jointly and severally assume and discharge the workers' compensation liabilities of each and every other Trust Participant in accordance with the Trust Agreement when required to do so by the Department of Labor and Industry Bureau of Workers' Compensation;
- e) That each Trust Participant will institute any and all safety regulations, loss prevention measures or risk management procedures as may be required for the purpose of minimizing or eliminating work place risks to its employees;
- f) That each Trust Participant cooperate fully with the Trust's service and fiscal agents, attorneys, claims adjusters and any agents or employees of the Trust with respect to the investigation, defense and settlement of claims;
- g) That each Trust Participant designate a contact person to be responsible for all contacts with the Trust;
- h) That each Trust Participant provide any information to the Administrator/Executive Director or Board of Trustees as may be required to effect the purposes and objectives of the Trust; and
- i) That each Trust Participant comply with all applicable statutes and regulations governing the payment of workers' compensation claims, including, but not limited to, the Pennsylvania Workers' Compensation Act and any regulations promulgated thereunder.

Section 7. That the Municipality agrees to participate in the Delaware Valley Workers' Compensation Trust for a minimum period of two (2) years, subject to the terms and conditions of the Trust Agreement. After the expiration of that minimum two-year period, the Municipality may withdraw under the following conditions, among others, as provided in the Trust Agreement:

- a) An opinion is rendered by the Trust certified actuary that withdrawal will not result in the number of Participants falling below the minimum required to assure the fiscal and actuarial soundness of the Trust itself;
- b) That the withdrawing Participant is not then in default of its obligation to pay premiums, contributions or assessments;

- c) That the withdrawing Participant shall forfeit any and all of its rights to any dividends and Rate Stabilization Fund monies to which it may otherwise be entitled during the last year of the Participant's membership in the Trust and at all times thereafter.
- d) Upon effective date of withdrawal, or at any time thereafter, a Participant may be required to pay assessments as required by the Board of Trustees in accordance with the Trust Agreement and the By-Laws based on any deficits which were caused by any claims paid while that Participant was provided coverage by the Trust; and
- e) That the Board of Trustees shall have received a certification from the Trust actuary that the withdrawal of the Participant will not reduce the actuarial soundness of the Trust and, if any municipal debt has been incurred by the Participants to finance any portion of the Trust reserves, an opinion is obtained from bond counsel that such withdrawal will not adversely affect the tax-exempt status of any interest paid and any debt incurred by the Participants, or any legal entity created for the purpose of incurring such debt. As used herein, the term "debt" includes any municipal bonds, certificate, letters of credit or other instruments of municipal indebtedness.

Section 8. The organizational structure of the Trust shall consist of a Board of Trustees, an Administrator/Executive Director, a claims administrator/loss control consultant and various service agents appointed by the Board of Trustees in accordance with the Trust Agreement and any By-Laws adopted pursuant thereto.

Section 9. As set forth in the Trust Agreement, the funds required for the operation of the Trust shall be provided by the Trust Participants through annual appropriations.

Section 10. The Delaware Valley Workers' Compensation Trust is empowered to enter into contracts for policies of group insurance and employee benefits, including Social Security, for its employees.

Section 11. That the participation of the Municipality in the Delaware Valley Workers' Compensation Trust will be effective by **August 25, 2020**, as approved by the Board of Trustees.

Section 12. All contributions and assessments paid by the Municipality shall be made with funds appropriated by the Municipality for that purpose.

Section 13. As a condition of participating in the Delaware Valley Workers' Compensation Trust, the Municipality agrees to:

- a) Pay all annual contributions and assessments as may be required by the Board of Trustees;

- b) Appoint a representative to sit on the Board of Trustees and designate a contact person for the purpose of communicating with the Trust or its representatives;
- c) Not withdraw from the Trust for a period of two (2) years following its admission to the Trust, subject to the terms and conditions of the Trust Agreement;
- d) Withdraw from the Trust only upon satisfaction of the conditions set forth in the Trust Agreement;
- e) Perform all covenants contained in the Trust Agreement and delegate to the Board of Trustees the powers and authorities enumerated in that Agreement;
- f) Comply with all the conditions set forth in the Trust Agreement governing the handling and payment of claims, including the defense and settlement thereof;
- g) Appropriate the funds needed to pay all contributions and assessments as may be required by the Board of Trustees in accordance with the Trust Agreement; and
- h) Cooperate with the Trust, its agents or employees and provide the Trust with all information it needs for the operation of the Trust, including any underwriting or claims data which it may be requested by the Board of Trustees or their designee.

Section 14. This Resolution is being adopted pursuant to the Pennsylvania Intergovernmental Cooperation Law and the Pennsylvania Workers' Compensation Act.

Section 15. All other resolutions or any part thereof, insofar as they are inconsistent with this Resolution, are hereby repealed.

Duly presented and unanimously adopted by the **Council** of the Borough of North Wales at a public meeting held on **August 25, 2020**.

By: _____
JAMES SANDO, COUNCIL PRESIDENT

I certify that the above Resolution was duly adopted by the **COUNCIL** of the **BOROUGH OF NORTH WALES** at a public meeting held on **August 25, 2020** at which a quorum of the **Council** of the Municipality was present and voting, and further that the Resolution remains in full force and effect.

Attest: _____
CHRISTINE HART

AMENDED 1/1/17

**DELAWARE VALLEY
WORKERS' COMPENSATION
TRUST**

**DELAWARE VALLEY WORKERS' COMPENSATION TRUST
INTERGOVERNMENTAL AGREEMENT**

**719 DRESHER ROAD, HORSHAM, PENNSYLVANIA 19044-2205 / (215) 706 0101 / FAX (215) 706 0895
DELAWARE VALLEY WORKERS' COMPENSATION TRUST**

INTERGOVERNMENTAL AGREEMENT

TABLE OF CONTENTS

ARTICLE I..... 7
 1.01 Definitions 7
 1.02 Interpretation. 10
ARTICLE II 10
 2.01 Qualifications of a Trustee 10
 2.02 Composition of Board of Trustees. 10
 2.03 Election of Trustees..... 11
 2.04 Resignation of a Trustee..... 11
 2.05 Removal of Trustees..... 11
 2.06 New Trustees. 11
 2.07 Board Chairperson and Executive Committee. 11
ARTICLE III 12
 3.01 Eligibility Requirements. 12
 3.02 Approval of Participants. 12
 3.03 Contributions. 13
 3.04 Obligations, Duties and Liabilities of Participants..... 14
 3.05 Expulsion and Withdrawal of Participants. 15
ARTICLE IV 19
 4.01 Acceptance..... 19
 4.02 Future Trustees. 19
 4.03 Trustees' Duties and Obligations. 19
 4.04 Liability of Trustees 19
ARTICLE V 20
 5.01 Office. 20
 5.02 Meetings 20

5.03 Extraordinary Votes.	20
5.04 Indemnification.....	20
ARTICLE VI.....	23
6.01 Purposes of Trust.	23
6.02 Powers of Trustees	23
6.03 Payment of Claims and Coverage Disputes.	27
ARTICLE VII	28
7.01 Payment of Contributions and Assessments.	28
7.02 Establishment of Separate Funds by Trustees	30
7.03 Dividends and Rate Stabilization Fund.....	30
7.04 Deficits.	30
7.05 Bonds	31
ARTICLE VIII.....	31
8.01 Accident and Illness Prevention Program.....	31
ARTICLE IX.....	31
9.01 Specific and Aggregate Excess Insurance.	31
ARTICLE X.....	32
10.01 Guaranty Agreement.....	32
10.02 Annual Reports.	32
ARTICLE XI.....	32
11.01 Amendments Not Requiring Consent of Trustees.....	32
11.02 Amendments Requiring Consent of Trustees.....	32
11.03 Limitation on Amendments.	33
ARTICLE XII	33
12.01 Term of Trust.....	33
12.02 Termination of the Trust.....	33
ARTICLE XIII.....	33
13.01 Title to the Trust.....	33
13.02 Execution of Documents.....	34
13.03 Notice.	34

13.04 Construction.	34
13.05 Counterparts.	34
13.06 Subrogation.	34
13.07 Defense by Trust.	35
13.08 Limitation of Liability.	35
13.09 Arbitration.	35
13.10 General Representations of Participants.	35
13.11 Severability of Invalid Provisions.	36

DELAWARE VALLEY WORKERS' COMPENSATION TRUST
INTERGOVERNMENTAL AGREEMENT

This is the Delaware Valley Workers' Compensation Intergovernmental Agreement (the "Trust Agreement"), effective as of November 1, 1993, by and among various political subdivisions (as hereinafter defined) of the Commonwealth of Pennsylvania which are now and hereafter parties signatory to this Agreement and listed in Appendix "A" hereof, as may be amended from time to time. This Agreement is intended to amend and supersede the previous Trust Agreement which was effective as of January 1, 2008.

PREAMBLE

WHEREAS, certain political subdivisions (hereinafter referred to as "Participants") in the Commonwealth of Pennsylvania desire to create a group self-insurance trust fund for the payment of workers' compensation claims under the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and the Pennsylvania Occupational Disease Act, 77 P.S. §1201 et seq.;

WHEREAS, the Trust created under this Agreement shall be known as the Delaware Valley Workers' Compensation Trust;

WHEREAS, the Delaware Valley Workers' Compensation Trust hereby agrees to fully comply with the Pennsylvania Workers' Compensation Act, 77 P.S. §1 et seq., as amended, and any regulations promulgated thereunder;

WHEREAS, this Agreement is being executed by the parties hereunder pursuant to the Pennsylvania Intergovernmental Cooperation Law, 53 Pa. C.S.A. §§2301 et seq. and the Workers' Compensation Act, 77 P.S. §1, et seq., as amended;

WHEREAS, this Agreement is also authorized by the Pennsylvania Political Subdivision Tort Claims Act, 42 Pa. C.S.A. §8541 et seq., and the Municipality Authorities Act of 1945, 53 Pa. C.S.A. 5301 et seq.;

WHEREAS, the Participants hereby delegate to the Delaware Valley Workers' Compensation Trust the authority and obligation to pay workers' compensation benefits on their behalf and discharge all of their liabilities under the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and the Pennsylvania Occupational Disease Act, 77 P.S. §1201, et seq.,

WHEREAS, the group self insurance fund and Trust created by this Agreement shall not be deemed an insurer or insurance company and shall not be subject to the provisions of any insurance laws and regulations, except as specifically otherwise provided in the Pennsylvania Workers' Compensation Act, 77 P.S. §1 et seq., as amended and regulations promulgated thereunder;

WHEREAS, a Trust fund will be created through contributions by the Participants which fund shall be used for the payment of workers' compensation claims and related expenses incurred on behalf of each Participant. These funds shall be administered by a Board of Trustees in accordance with the terms and conditions of this Agreement;

WHEREAS, the Participants direct that the Trustees, pursuant to an independent fiduciary duty, collect, receive, hold, invest, reinvest, manage, dispose of, distribute, and otherwise to administer the Trust funds; and the Trustees have indicated their willingness to do so, all pursuant to terms of this Agreement;

WHEREAS, the Delaware Valley Workers' Compensation Trust is hereby designated as a "business trust" pursuant to 15 Pa. C.S.A. §9501, with the express understanding that such designation will not have any effect upon the tax exempt status of the Trust under federal or state law; and

WHEREAS, the Trustees and the Participants desire to establish the terms and conditions under which the Trust will be operated.

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged by each party, one to the other, the Participants do hereby give and assign in trust the contributions made by them and all income and profits therefrom, and such other sums, income and profits as hereinafter may be made part of the Trust, to the Trustees, and the Trustees hereby accept the trusts herein contained and declare that they will hereby assume an independent fiduciary duty to administer, manage, collect, receive, dispose of, and distribute such trust property for the exclusive benefit of the Participants and their employees as hereinafter provided, all parties 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 1.01 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 and said Preamble.

Actuary — The actuarial firm selected by the Trustees, whose duties shall include, but not be limited to, the evaluation of loss data submitted by eligible municipalities and the rendering of opinions and certifications of loss reserves and IBNR as required by the Board of Trustees in accordance with this Agreement and By-Laws.

Adjustments – A decrease or increase of a participating municipality's annual contribution as determined by the Board of Trustees in accordance with this Agreement and By-Laws.

Administrator – The individual responsible for the day to day operations of the Trust.

Application – The document(s) which must be submitted by all eligible municipalities for admission to the Trust, including, but not limited to, any underwriting or loss data, or any other information which an eligible municipality may be required to provide for admission to the Trust.

Assessments – Any additional payment(s) to the Trust which a participating municipality may be required to make as determined by the Pennsylvania Department of Labor and Industry Bureau of Workers' Compensation or the Board of Trustees in accordance with this Agreement and By-Laws if the Surplus is exhausted by the payment of claims, the accumulation of reserves and IBNR, or the payment of other expenses.

Board of Trustees – The independent governing body of the Delaware Valley Workers' Compensation Trust whose members or Trustees are selected in accordance with this Agreement and By-Laws. The Board of Trustees shall also serve the function of a "plan committee" as defined in the Pennsylvania Workers' Compensation Act, 77 P.S. §1 et seq., as amended.

By-Laws – The By-Laws governing the operation of the Trust as adopted and amended by the Board of Trustees in accordance with this Agreement.

Claims – All claims for workers compensation benefits made by the Participants' employees under the Pennsylvania Workers' Compensation Act, 77 P.S. §1 et seq., as amended and the Pennsylvania Occupational Disease Act, 77 P.S. §1201 et seq.

Contact Person – An individual designated by each participating municipality as a liaison between that municipality and the Board of Trustees, and the Trust's officers, employees or agents.

Contributions or Premiums – The annual payments made thereafter by each Participant upon admission to the Trust, which shall include premiums for commercial excess or reinsurance.

Deficit – When expenses, claims payments, claims reserves and claims incurred but not reported (IBNR) for any year, exceed the premiums collected for that year.

Dividends – As determined by an independent actuary, any distributable amounts in excess of that necessary for the payment of all workers' compensation claims during any Trust Year.

Effective Date – The date determined by the Trustees on which a municipality shall be deemed a participant in the Trust.

Executive Committee – The Executive Committee appointed by the Board of Trustees in accordance with Section 2.07 hereof.

Expulsion – The involuntary removal or termination of a participant from the Trust by action of the Trustees as provided in Section 3.05 hereof and any applicable By-Laws.

Fiscal Agent – A financial institution selected by the Board of Trustees to handle and invest the monies held in the various accounts administered by the Trust.

Fund – As used in this Agreement, the "Fund" is the group self insurance fund used to pool the Participants' workers compensation liabilities as approved by the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation.

Insurance – Various forms of commercial insurance coverage provided to participating municipalities or the Trust itself, including any excess, reinsurance or aggregate excess insurance coverage for the payment of workers compensation claims.

Participant – Any political subdivision of the Commonwealth of Pennsylvania eligible to participate in this Trust which becomes a party to this Agreement and the participation of which has not been terminated or cancelled in accordance with this Agreement and By-Laws.

Political Subdivision – Any county, city, borough, incorporated town, township, school district, vocational school district and county institution district, municipal authority or any other entity created by a political subdivision pursuant to law, as defined in Section 801 of the Pennsylvania Workers' Compensation Act, 77 P.S. §1036.1.

Permit – The document issued by the Pennsylvania Department of Labor and Industry Bureau of Workers' Compensation which authorizes the Trust to operate as self insurer or a group self-insurance fund under the Pennsylvania Workers' Compensation Act, 77 P.S. §1 et seq., as amended.

Rate Stabilization Fund – A fund established by the Trust which can be used by Participants to defray the cost of their annual contributions or premiums.

Service Agents – One or more service companies or consultants employed by the Trustees to be responsible for underwriting matters, claims administration, loss control, accounting and such other duties as determined by the Board of Trustees and specified by contract.

Service Contract – Any contract for service between the Trustees and a Service Agent.

Surplus – Net worth of the Trust since its inception.

Termination – The voluntary withdrawal of a Participant from the Trust in accordance with Section 3.03(b) hereof.

Termination Contribution – Payment required of all Participants who are expelled from the Trust, as determined by the Board of Trustees.

Trust – The Delaware Valley Workers' Compensation Trust.

Trust Coverage Document or Coverage Document – The document which describes the type of claims to be paid from the Trust funds, which claims shall include workers compensation benefits payable pursuant to the Pennsylvania Workers' Compensation Act and the Pennsylvania Occupational Disease Act.

Trust Year – The first fiscal year of the Trust shall be from January 1 to December 31 of each year or any other period determined by the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation.

Trustee – Each person serving as a member of the Board of Trustees referred to from time to time, collectively as the "Trustees" or "Board of Trustees" or "Board".

Underwriting Consultant – Advisor or firm selected to assist the Trust with underwriting and rating requirements for current Participants and new applicants. The underwriting consultant shall consult with the Trust Actuary as needed and as required.

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 Qualifications of a Trustee.

(a) A Trustee shall be either (1) an elected or appointed official of a Participant, including any Township or Borough Managers, or (2) an employee of a Participant with expertise in finance or risk management.

(b) A Trustee shall not be employed by or have any direct or indirect financial interest in any Service Agent or other organization providing services to the Trust.

(c) A Trustee shall act in an independent fiduciary capacity in fulfilling his or her obligations under this Agreement.

2.02 Composition of Board of Trustees.

The Trust shall be governed by a Board of Trustees, which shall consist of a representative from each Participant. No Participant shall be represented by more than one Trustee on the Board of Trustees. However, a Participant may authorize its Trustee to appoint an Alternate for a scheduled meeting or event of the Board. An Alternate shall have the full voting rights and powers granted to the Trustee.

2.03 Election of Trustees.

The initial Board of Trustees shall provide in the By-Laws for the form and method of election of subsequent Trustees.

2.04 Resignation of a Trustee.

A Trustee may resign by giving at least thirty (30) days prior notice in writing sent by registered mail to the Chairperson of the Trustees. Such notice shall state the date said resignation shall take effect, and such resignation shall take effect on such date.

2.05 Removal of Trustees.

A Trustee may be removed from office in accordance with the By-laws if he fails, or subsequently ceases, to meet the qualifications of Section 2.01 hereof; and may be removed if he fails to attend three (3) consecutive meetings of the Board or is terminated for cause by a 2/3 vote of the Trustees. Upon removal of a Trustee, the position shall be filled pursuant to Section 2.06 hereof.

2.06 New Trustees.

(a) In the event a Trustee resigns, is removed or is otherwise unable to serve, the municipality represented by that Trustee shall appoint a replacement to complete the original Trustee's term of office.

(b) Any Trustee, upon leaving office, shall 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 Board Chairperson and Executive Committee.

The Trustees shall elect a Chairperson of the Board by simple majority vote whose duties shall be set forth in the By-Laws. The Trustees shall also appoint an Executive Committee by majority vote consisting of not less than five (5) Trustees, two of whom will be the Chairperson and Vice Chairperson of the Board of Trustees. The Trustees may delegate in writing to the Executive Committee such powers and duties as the Trustees deem appropriate and desirable except the exercise of those powers for which a two thirds majority vote of the Trustees is required. The Executive Committee shall meet as determined by the Chairperson of the Board of Trustees.

ARTICLE III

PARTICIPANTS

3.01 Eligibility Requirements.

(a) Participation in the Trust shall be limited to “political subdivisions” of the Commonwealth of Pennsylvania as that term is defined in Section 1.01 and under Section 801 of the Pennsylvania Workers’ Compensation Act, 77 P.S. §1036.1.

(b) Each Participant shall meet the underwriting standards established by the Board of Trustees, and any requirements established by the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation.

(c) Each Participant shall have a loss or claims history which does not present an undue risk to the actuarial soundness of the Trust.

(d) Each Participant must receive a positive recommendation from the Underwriting Consultant or loss control manager prior to acceptance. This recommendation will be based upon a loss projection and a loss control survey which will include an evaluation of the applicant's risk management procedures.

(e) Each applicant must be professionally managed, utilizing International City Management Association ("ICMA") Recognition Criteria or satisfy equivalent management criteria adopted by the Executive Committee.

(f) Each successful applicant must comply with the guidelines established by the underwriting consultant employed by the Trust.

(g) Each applicant must agree to make a commitment to participate in the Trust for a minimum period of at least two (2) years, which period is necessary to assure the fiscal and actuarial soundness of the Trust.

(h) The Board of Trustees may establish additional requirements for participation in the Trust by majority vote.

3.02 Approval of Participants.

(a) All applicants must be approved by two thirds (2/3) majority vote of the Board of Trustees. The Administrator must certify in writing that the successful applicant has met all the criteria for admission to the Trust.

(b) All applicants, including initial Participants, must pay an application fee which shall be based upon the actual cost of processing the application and completing the loss control survey for each applicant.

(c) Each application must contain the following information:

(1) underwriting and claims data for a three (3) to five (5) year period prior to submission of the application;

(2) detailed information regarding the organization, personnel and administration of the applicant as requested by the underwriting consultant;

(3) names of all previous insurers and premium data for the three (3) year period prior to submission of the application;

(4) operating budgets and other financial information as may be required by the underwriting consultant for a period of one to five (5) years prior to submission of the application; and

(5) any other information required by the Board of Trustees or any of the Trust's officers, attorneys, service agents, consultants or employees.

(d) Each Participant shall submit evidence satisfactory to the Trustees of approval for participation by its governing body, including any ordinances which may be required under state law.

(e) Upon approval of all subsequent Participants by the Board of Trustees, the Board shall establish the effective date for that Participant's participation in the Trust.

3.03 Contributions.

(a) Annual contributions shall be established by the Trustees in consultation with the underwriting consultant in compliance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder. Annual contribution estimates shall be established at least thirty (30) days before commencement of the Trust Year for which that contribution applies, or as determined by the Pennsylvania Department of Labor and Industry Bureau of Workers' Compensation.

(b) Contributions shall be due and payable as determined by the Trustees, in accordance with this Agreement, the Trust By-Laws, and the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder.

3.04 Obligations, Duties and Liabilities of Participants.

(a) Each Participant agrees to fulfill all obligations and duties set forth in this Agreement. The withdrawal or expulsion of any Participant shall not affect this Agreement nor the Trust created herein, except where otherwise expressly provided.

(b) Each Participant agrees to jointly and severally assume and discharge liabilities arising under the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and the Pennsylvania Occupational Disease Act, 77 P.S. § 1201, et seq., of each and every other party to this Agreement.

(c) Each Participant is liable under this Agreement for the payment of contributions and assessments when due, and agrees to make an initial contribution upon admission to the Trust.

(d) Each Participant will appropriate funds for the payment of any contributions and assessments required by the Trust.

(e) Each Participant agrees to institute any and all reasonable safety regulations and loss prevention procedures that may be required by the Executive Committee or the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation for the purpose of minimizing or eliminating hazards or risks that could contribute to losses.

(f) Each Participant agrees that it will cooperate fully with the Trust's service agent(s), attorneys, claims adjusters and any other agent or employee of the Trust in relation to the purpose and powers of the Trust, including, but not limited to, the investigation, defense and settlement of claims.

(g) Each Participant agrees to designate a Contact Person to be responsible for all contacts with the Trust. The Trustees, the Administrator and the service agent(s) shall not be required to contact any other individual except the Contact Person in dealing with the Participant. Any notice to or any agreements with the Contact Person shall be binding upon the Participant. Each Participant reserves the right to change the Contact Person from time to time by giving written notice to the Administrator.

(h) The Participants agree that any claim or suit brought against them shall be defended in the name of the Participant by counsel selected by the Trustees. Full cooperation shall be extended by such Participant to supply any information needed or helpful in such defense.

(i) The Participants will furnish to the Trustees such underwriting

information as may be required by the Trust prior to the end of the Trust Year, and any other information which may be requested by the Board.

(j) Participants hereby acknowledge and agree that this Agreement may be amended, altered or modified pursuant to Article VIII hereof. Any amendment adopted pursuant to the provisions of Article VIII hereof shall be considered by each Participant to be a reasonable and proper amendment to the Agreement.

(k) The Participants also agree to submit all coverage disputes to the appropriate subcommittee of the Board of Trustees, whose decisions shall be appealable to the entire Board.

(1) The Participants further agree that once an adverse decision is rendered by the Board in any coverage dispute, and the dispute cannot be resolved by the parties, then the decision of the Board of Trustees shall be final, with no further right to challenge that decision before any arbitration panel or court of competent jurisdiction. That notwithstanding, the Participants and the Trust reserve the right to file an action in such a court solely to enforce the decision by the Board. The same is true for all decisions by the Board of Trustees involving the expulsion or withdrawal of a Participant.

3.05 Expulsion and Withdrawal of Participants.

(a) Expulsion. The Trustees shall have the authority by an affirmative vote of two thirds (2/3) of all Trustees to expel any Participant from the Trust for cause, based upon any of the following:

- (1) Failure to pay any premiums, contributions or assessments when due;
- (2) Failure to implement a reasonable safety or loss prevention program or other failure to implement guidelines required by the loss control consultant or manager hired by the Trust;
- (3) Failure to cooperate with any loss control service and fiscal agents of the Trust or with any attorney representing that Participant in the defense of any covered claim;
- (4) Failure to provide any information requested by the Administrator, Board of Trustees or any agent or representative of the Trust as required for the handling, settlement or defense of any covered claims;
- (5) Knowing and willful failure to observe and perform any covenants,

conditions in this Agreement and any other agreement between the Participant and the Trust;

(6) The filing of a case in bankruptcy, or the subjection of any right or interest of a Participant under this Agreement to any execution, garnishment, attachment, adjudication of such Participant as a bankrupt, assignment by such Participant for the benefit of creditors, or the approval by a court of competent jurisdiction of a petition applicable to that Participant in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar state or federal statute which may thereafter be enacted;

(7) The assignment by a Participant of any right or interest in this Trust Agreement without first obtaining the approval of two-thirds of the Board of Trustees;

(8) Knowingly taking any action detrimental to the fiscal and/or actuarial soundness of the Trust; or

(9) Failure to comply with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, or any regulations promulgated thereunder.

Expulsion shall become effective after sixty (60) days written notice to the Participant, or ten (10) days written notice for non payment of contributions or assessments and no liability shall accrue to the Trust after the effective date of expulsion except as provided in Section 3.05(c) hereof. A terminated Participant shall remain fully obligated for claims incurred during the period of its participation in the Trust, including the payment of any assessments and a Termination Contribution, in accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder.

The Participant whose expulsion is sought shall have a full and fair opportunity to appear before the Board of Trustees and present any evidence on its behalf before the Board renders its decision. All decisions by the Board of Trustees regarding expulsion of a Participant shall be final, with no right for a further appeal or arbitration of that decision.

The Participant, upon notification of expulsion of coverage by the Trustees, understands that its participation in this Trust will terminate and the Participant will retain responsibility for the payment of all workers' compensation claims in accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder.

Upon expulsion, a Participant shall forfeit any and all rights to any dividends and Rate Stabilization Fund monies to which it may otherwise be entitled during the last year of the Participant's membership in the Trust and all times thereafter.

Upon expulsion, a Participant will be required to pay a Termination Contribution and may be required to pay additional assessments after expulsion as determined by the Board of Trustees upon recommendation of the Executive Committee. A Participant may be required to make additional payments, including assessments, after the effective date of its expulsion caused by deficits which occurred because of claims which were incurred while that Participant was a member of the Trust. A claim is "incurred" when the employee injury occurs and not when a claim is made for that injury.

The Trust shall immediately notify the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation in the event that the expulsion of a Participant causes the Trust to fail to meet any requirements imposed upon it by the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder.

(b) Withdrawal by a Participant. As provided herein, each participating municipality hereby agrees that it shall not withdraw from the Trust for a period of two (2) years from the date upon which it was first admitted as a Participant. In addition, it is also agreed that each Participant may withdraw from the Trust after giving at least one hundred twenty (120) days prior written notice to the Trust Administrator at any time after the expiration of the two year period, which withdrawal will be effective on the first day of the following year unless:

(1) An opinion is rendered by the Trust's actuary that such withdrawal will result in the number of Participants falling below the minimum required to assure the fiscal and actuarial soundness of the Trust itself;

(2) That the withdrawing municipality is then in default of its obligation to pay any contributions or assessments; and

(3) The Board of Trustees shall have received a certification, from the Trust actuary that the withdrawal will reduce the actuarial soundness of the Trust, and if any municipal debt has been incurred by the Participants to finance any portion of the Trust reserves, an opinion is obtained from bond counsel that such withdrawal will adversely affect the tax exempt status of any interest paid on any debt incurred by the participating municipalities, or any legal entity created for the purpose of incurring such debt. As used herein, the term "debt" includes any municipal bonds, certificates, letters of credit or other instruments of municipal indebtedness.

Any Participant who withdraws from the Trust shall forfeit any and all of its rights

to any dividends and Rate Stabilization Fund monies to which it may otherwise be entitled during the last year of the Participant's membership in the Trust and all times thereafter.

Upon the effective date of withdrawal, or at any time thereafter, a Participant may be required to pay additional assessments as required by the Board of Trustees in accordance with this Agreement and the By-Laws based upon any deficits which were caused by any claims paid while that Participant was provided coverage by the Trust. A claim is "incurred" when an employee injury occurs and not when a claim is made for that injury.

If there is a dispute over the withdrawal of a Participant, that Participant will have a full and fair opportunity to present any relevant evidence or information to the Board of Trustees who shall decide the dispute by majority vote. All decisions by the Board of Trustees regarding the withdrawal of a Participant shall be final, with no right for a further appeal or arbitration of that decision. A withdrawn Participant shall remain fully obligated for claims incurred during the period of its participation in the Trust, including the payment of any assessments and a Termination Contribution, in accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder.

The Trust shall immediately notify the Pennsylvania Department of Labor and Industry Bureau of Workers' Compensation in the event that the withdrawal of a Participant causes the Trust to fail to meet any requirements imposed upon it by the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder.

(c) Liability of Trust after Withdrawal or Expulsion of a Participant.

(1) The Trust shall continue to service, defend and otherwise be responsible for any claim which occurred prior to expulsion or withdrawal of a Participant which is covered under Section 13.08 hereof.

(2) The Trust will not pay, defend, or otherwise be responsible for, a claim which arises out of an injury which occurs after the effective date of the Participant's withdrawal or expulsion.

(3) In addition to forfeiture as provided in subsections 3.05(a) and (b) above, no dividends or Rate Stabilization Fund monies shall be paid to a Participant who has been expelled from the Trust or to any Participant who has voluntarily withdrawn after the effective date of withdrawal or expulsion.

ARTICLE IV

TRUSTEES' OBLIGATIONS

4.01 Acceptance.

Trustees hereby accept the trusts imposed upon them by this Agreement and agree to perform said trusts in accordance with the terms and conditions of this Agreement. 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 subject to their independent fiduciary obligations under this Agreement.

4.02 Future Trustees.

Whenever any change shall occur in the Board of Trustees, the legal title to the property hereby created by this Trust shall 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 independent fiduciary duties and obligations under this Agreement solely in the interests of the Participants with the care, skill, prudence and diligence under the circumstances then prevailing 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.

The Trustees shall 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. Said By-Laws may be amended by the Trustees as they shall provide.

4.04 Liability of Trustees.

(a) The Trustees shall not be liable for errors of judgment either in holding property originally conveyed to them, 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 property of

the Trust available 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 nor the Participants, present or future, shall be personally liable therefore.

(c) Notwithstanding the provisions of (a) and (b) above, a Trustee shall be personally liable in connection with the performance of his duties hereunder for his own willful misconduct or gross negligence.

(d) The Board of Trustees shall use their best efforts to purchase so called directors and officers liability insurance.

ARTICLE V

OPERATION OF THE TRUSTEES

5.01 Office.

The Trustees shall designate a principal office of the Trust. Such principal office shall be in the County of Montgomery in the Commonwealth of Pennsylvania. At such principal office there shall be maintained the books, reports and records pertaining to the Trust and its administration.

5.02 Meetings.

There shall be an annual meeting of the Trustees on a day and at a place designated by the Trustees. At the annual meeting the Trustees shall elect a Chairperson and such other officers as provided in the By-Laws and transact such other business as may come before them. The Trustees shall hold such other meetings and shall establish such procedures for the conduct of those meetings as they shall provide in the By-Laws.

5.03 Extraordinary Votes.

An affirmative vote of two thirds (2/3) of all Trustees shall be required to expel or admit a Participant, amend this Agreement (except as otherwise provided in Art. XI), or determine a prudent or necessary purpose for which money from the Surplus may be used.

5.04 Indemnification.

(a) The Trust shall indemnify and defend : (i) each member of the Board of Trustees and the estate, executor, administrator, personal representatives, heirs, legatees and

devises of any such person; and (ii) every officer and employee of the Trust and the estate, executor, administrator, personal representatives, heirs, legatees or devisees of such person; against all claims, suits or judgments including interest, fines, amounts paid or agreed upon in settlement, reasonable costs and expenses, including attorneys' fees and any other liability that may be incurred as a result of any claim, action, suit or proceeding, whether civil 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 without intent to defraud and within what he reasonably believed to be the scope of his employment or authority and for a purpose which he reasonably believed to be in the best interest of and in connection with the administration, management, conduct or affairs of the Trust. Provided, however, that if any such claim, action, suit, or proceeding is compromised or settled, it must be done 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 subparagraph (d) of this Section.

(b) Such indemnification and defense shall not depend upon whether or not such person is a member of the Board of Trustees at the time such claim, action, suit or proceeding is begun, prosecuted or threatened.

(c) The right of indemnification and defense here under 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 defense and/or indemnification hereunder arises, determination to indemnification hereunder, and 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 person seeking indemnity under this Section, or to preclude any such person from appealing an adverse determination against him or it, or from instituting legal proceedings to enforce a right of indemnification under this Section.

(e) The indemnification and defense provided for in this Section shall be deemed to be an expense of the Trust which may be paid from the operating funds. .

(f) The indemnification and defense provided by this Section shall be secondary to any benefits which the person 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) (1) Notwithstanding any other provision of this Section to the contrary, a person 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 subparagraph (d) of this Section. Any award of such advance indemnification by the Trust shall be discretionary and subject to the provisions of this Section.

(2) In each instance where a question of advance indemnification hereunder arises, determination of the right to indemnification and of any conditions or restrictions 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 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 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.

(3) Any determination of advance indemnification shall be discretionary and may provide for the time, manner and amounts advanced hereunder and shall include such limitations as may be deemed appropriate in the particular circumstances on rate of payment, the total amount to be advanced and the security, if required, for repayment of such advances.

(4) Any advance authorized hereunder shall be repaid to the Trust if the person on whose behalf the advance was made is not entitled to indemnification of his costs and expenses under the provisions and in accordance with the standards for indemnification provided in this Section.

ARTICLE VI

PURPOSE OF THE TRUST; POWERS OF TRUSTEES

6.01 Purposes of Trust.

The purposes and objectives of the Trust are as follows:

(a) To assure the payment of workers' compensation benefits by each Participant through the creation of a common fund established for that purpose in accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder;

(b) To minimize costs incurred by participating municipalities in the handling and payment of workers compensation claims;

(c) To protect each participating municipality from the volatility and high premiums of the commercial insurance markets; and

(d) To take whatever other action which may be necessary to preserve and protect the fiscal and actuarial integrity of the Trust, as required in the Trust Agreement and By-Laws.

It is the express intent of the Participants entering into this Agreement that they do not intend to waive, and are not waiving, any of the immunities which they or their commissioners, supervisors, council persons, officers or employees have now, and may have in the future, under the Pennsylvania Political Subdivision Tort Claims Act, any other applicable statutes or under the common law.

6.02 Powers of Trustees.

The Trustees shall have the power to control and manage the Trust 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 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 all Participants. In addition to the powers set forth elsewhere in this Agreement, the powers and duties of the Trustees in connection with their managing and controlling the Trust shall include, but shall not be limited to, the following:

(a) To see that the Trust is safely and prudently administered to insure its financial stability in accordance with all applicable statutes and regulations and to be responsible for the investment of Trust monies at the best return possible in accordance with all applicable state and federal law.

(b) To receive, hold, manage, invest, reinvest, and control all monies at any time forming part of the Trust.

(c) To purchase contracts of insurance or reinsurance through such broker or brokers as the Trustees may choose and to pay premiums on such policies.

(d) To borrow or raise money for the purpose of financing any self insurance reserves of the Trust to the extent authorized under state and federal law. However, no municipal debt shall be incurred by the Trust, its participating municipalities or any entity created for that purpose without the consent of all participating municipalities and compliance with all state and federal law.

(e) To hold cash, uninvested, for such length of time as the Trustees may determine without liability for interest thereon.

(f) To make, execute, acknowledge and deliver any and all documents of transfer and conveyance, including, but not limited to, deeds, leases, mortgages, conveyances, contracts, waivers and releases, and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted.

(g) To employ suitable agents, advisors and other persons 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 employees and to charge the expense thereof to the Trust. Trustees are entitled to rely upon and may act upon the opinion or advice of any attorney or Service Agent approved by the Trustees in the exercise of reasonable care. 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.

(h) To continue to have and to exercise, after the termination of the Trust and until final distribution, all of the title, powers, discretion, rights and duties conferred or imposed upon the Trustees hereunder, or by law.

(i) To construe and interpret this Agreement and any related documents.

(j) To receive from Participants 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 to

authorize certain Trustees, the Trust Administrator, Service Agent or other appropriate persons to make payments from any such 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.

(m) To adopt By-Laws, rules, regulations, formulas, rates, forms, and procedures by resolution from to time as they deem advisable and appropriate for the proper administration of the Trust, including membership criteria, provided the same are consistent with the terms of this Agreement.

(n) To have a judicial settlement of their accounts and judicial determination of any questions in connection with their duties and obligations hereunder, or in connection with the administration or distribution thereof. The costs and expenses, including accounting and legal fees, for such judicial settlement of accounts or other judicial determination shall be paid by the Trust as a general administrative expense to the extent permitted by applicable law.

(o) To purchase as a general administrative expense of the Trust so called directors' and officers liability insurance and any other types of insurance for the benefit of the Trust, the Trustees, Trust employees, or agents, including group insurance, employee benefits and social security.

(p) 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 Participants and Participants' employees. All such contracts and agreements, or other legal documents herein authorized, shall be approved by the Trustees and shall be executed by individuals authorized by the Trustees. This paragraph does not apply to the issuance of municipal debt for the funding of any self insurance reserves.

(q) To write off as uncollectible any Participant's contribution or any other indebtedness or other obligation as the Trustees may deem appropriate. A decision to write off as uncollectible shall be deemed appropriate if the Trustees determine that the unlikelihood of collection or the anticipated expense of collecting justifies such action. This paragraph does not apply to the issuance of municipal debt for the funding of any self insurance reserves.

(r) To receive premiums, contributions or assessments from any source whatsoever but such premiums, contribution or payments may not be utilized for any purpose unrelated to the purposes herein provided.

(s) To pay or contest any claim or to settle a claim by or against the Trust or any of its Participants by negotiation, compromise, arbitration, or otherwise.

(t) To pay taxes, assessments, and other expenses incurred in the collection, care, administration, and protection of the Trust.

(u) To review Applications for memberships in the Trust submitted to them and to approve or disapprove such Applications.

(v) To expel or cancel the coverage of any Participant in accordance with the terms of this Agreement.

(w) To amend the Agreement and By-Laws as provided herein.

(x) To make provision for proper accounting and reporting procedures for each of the Participants so that the Participants shall be informed at all times of the nature of the claims arising within their jurisdiction, the manner in which these claims are being handled, and the impact of those claims upon the Trust.

(y) To purchase an employee fidelity bond covering the Trustees, the Administrator and such others as the Trustees may determine.

(z) To require assessments from each Participant in an amount equal to the ratio of that Participant's annual contribution to the total annual contributions paid by all Participants in the year in which a deficit occurred. Such amounts shall be certified by the Board as necessary for that purpose to the Participants.

(aa) To hold all property received by the Trustees, which together with the income and gains therefrom and additions thereto, shall constitute the corpus of the Trust.

(bb) To appoint for a fee or otherwise, a Trust Administrator who shall act at the direction of the Trustees to implement the decisions of the Trustees and to have direct responsibility for the operation and supervision of the Trust. The Trust Administrator shall not be an owner, officer or employee of the Service Agent or broker of the Trust.

(cc) To employ and oversee one or more independent service companies and/or consultants to act as Service Agent(s). The services of a Service Agent shall be performed pursuant to a written agreement between the Service Agent and the Trust, and the Service Agent (s) shall be compensated from the Trust for such services. The Trustees may delegate to a Service Agent responsibility for underwriting matters, claims administration and disbursement, collection of Premiums, and other duties as are specified in the Service contract. The Trustees shall require any Service Agent who handles monies of the Trust to furnish an employee fidelity bond indemnifying the Trust. The proper limit of liability to be set for such bond shall be as determined by the Trustees, but not less than a fifty thousand (\$50, 000) dollar limit per loss should be established.

(dd) To employ counsel to advise and represent the Trustees on legal matters relating to the operation and administration of the Trust, and represent Participants in the defense of claims or suits.

(ee) To employ an independent certified public accountant to conduct an annual audit of the financial statements of the Trust at the close of the Trust Year, such audit report to be submitted to the Participants no more than six (6) months after the close of the Trust Year.

(ff) To employ a Fiscal Agent and delegate to it the duties to hold the monies of the Trust and to invest and reinvest all or part of the principal and interest of the General Operating Fund and the Surplus Fund in accordance with the requirements of this Agreement. Those monies shall be invested in accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq. as amended, and any regulations promulgated thereunder.

(gg) To appoint any subcommittees of the Board as may be necessary for the operation of the Trust.

(hh) To employ an actuarial firm to review, at least annually, the expected losses, IBNR calculations and recommend surplus requirements for the Trust.

(ii) To resolve all coverage disputes between Participants and the Trust and any disputes regarding the withdrawal or expulsion of any Participants; and

(jj) To do all acts, whether or not expressly authorized herein, which the Trustees may deem necessary in the best interests of the Trust.

6.03 Payment of Claims and Coverage Disputes.

The Executive Committee shall be responsible for adopting guidelines for the handling and payment of claims. The decision of whether to settle or pay a claim shall be made in the first instance by the manager responsible for claims handling, acting under the general supervision of the Trust Administrator. The decision to settle or defend a claim may then be reviewed by the Executive Committee, whose decision may be reviewed by the Board of Trustees at the request of the Participant. A decision by the entire Board to settle a particular claim made against a Participant shall be final. A refusal by a Participant to consent to such a settlement or execute the documentation required to effect a settlement, shall, upon payment by the Trust of the settlement amount, relieve the Trust from any further obligation to pay that claim or otherwise represent the interests of that Participant.

Any disputes between a Participant and the Trust as to whether a particular claim is covered shall be decided in the first instance by the Board of Trustees or designated subcommittee. Decisions may be reviewed by the entire Board at the request of the Participant. A decision by a majority of the Board disclaiming or denying coverage for a claim made against a Participant shall be final and legally binding on the Trust and Participant, with no right

to challenge the Board's decision before any arbitration panel or court of competent jurisdiction. That notwithstanding, the Trust and Participants reserve the right to file an action in such a court to enforce the Board's decision.

ARTICLE VII OPERATION OF THE TRUST FUNDS

7.01 Payment of Contributions and Assessments.

Each Participant hereby agrees to make payments into various funds established under the Trust as set forth below:

(a) Initial Contribution – The initial payment made by all Participants upon their admission to the Trust.

(b) Annual Contributions – Annual contributions must be paid by each Participant. These contributions shall be established, and may be adjusted upward or downward on an annual basis, by the Executive Committee in accordance with this Agreement and the Trust By-Laws. Contributions shall be determined by the Executive Committee in accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder and also comply with the guidelines adopted by the Executive Committee based upon the actual claims or loss histories of each Participant. Contributions shall include:

- (1) An amount to provide for losses and general operating expenses of the Trust; and
- (2) A contribution to Surplus, as required by the Executive Committee.

In accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, each Participant may pay its annual contribution in installments, except that the initial installment shall be not less than twenty five percent (25%) of the total annual contribution. The balance of the annual contribution may be paid to the Trust on monthly, quarterly or semi-annual basis as required by the Trust's By-Laws and as approved by the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation.

In accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, all annual contributions shall be based upon the annual payroll of the Trust Participants multiplied by the rates as utilized by the State Workmen's Insurance Fund minus any premium discounts. The Trust may, however, establish its own rates with the approval of an

independent actuary and the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation.

(c) Assessments – Any additional payments to the Trust which a Participant may be required to make to the Surplus upon a finding by the Board and the underwriting consultant that the funds available for the payment of claims have been exhausted by, among other things, the payment of claims, claims reserves, IBNR reserves and expenses; and that such assessments are required to preserve the fiscal and actuarial soundness of the Trust and its ability to pay claims and otherwise satisfy any outstanding indebtedness. All assessments shall be made in an amount equal to the ratio of the Participant's annual contribution to the total annual contribution paid by all Participants in the Trust year or years in which a deficit occurred. Any such assessments shall not be greater than that needed to eliminate the deficit or deficiency in the General Operating and Surplus Funds. Until the recently enacted amendments to the Pennsylvania Workers' Compensation Act (referred to as "Act 44") apply to the Trust on August 1, 1994 any assessments for each Participant shall be capped in any single Trust Year at no greater than the annual contribution paid by that Participant for the Trust Year for which the assessment is being made. After the withdrawal or expulsion of a Participant, that Participant shall remain liable for any assessments for any periods during which that Participant was provided coverage by the Trust.

(d) Termination Contribution. – Upon recommendation of the Executive Committee, the Board of Trustees shall determine the amount of the Termination Contribution due and owing on or after the effective date of a Participant's expulsion, as the Board of Trustees may determine. The Termination Contribution shall be sufficient to pay any outstanding contributions and any other expense and assessments due and owing on the effective date of the Participant's expulsion. An initial estimate of the Termination Contribution shall be determined by the Board of Trustees at least forty-five (45) days before the effective date of a Participant's expulsion, and a final Termination Contribution shall be determined no later than sixty (60) days after that effective date of the Participant's expulsion.

(e) After the withdrawal or expulsion of a Participant, that Participant shall remain liable for any additional contributions, including any assessments, for any period during which that Participant was a member of the Trust.

(f) All contribution estimates and assessments shall be determined by the Board of Trustees at least forty five (45) days before the commencement of the Trust year during which those payments must be made by the Participants. This will permit the Participants to adequately budget and appropriate the sums needed for those payments.

7.02 Establishment of Bank Accounts under the General Operating Fund.

The Trust Administrator shall establish one or more checking accounts, which may be interest or non interest bearing accounts, with the Fiscal Agent in the name of the Trust.

7.03 Dividends and Rate Stabilization Fund.

(a) Dividends. - Subject to Section 3.05 of this Agreement, any funds in Surplus as the Trustees may deem necessary or prudent, may be returned to the Participants by the Board of Trustees in accordance with a formula to be adopted by the Trustees and in compliance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder. Dividends paid to each Participant will be based upon the loss experience of the Trust as a whole, the size of each Participant's contributions, and the loss experience of the individual Participant. No dividends shall be paid to any Participant unless the Underwriting Consultant certifies to the Executive Committee that said dividends shall not adversely affect the fiscal or actuarial soundness of the Trust and its ability to satisfy any indebtedness incurred by the Trust, any Participant or any other entity on behalf of the Trust in furtherance of its purposes and objectives. When municipal debt has been incurred by the Trust, its Participants, or any other entity created for that purpose, an additional certification will be required from Bond Counsel that such dividends will not adversely affect the tax exempt status of any outstanding municipal debt.

(b) Rate Stabilization Fund ("RSF") - A fund established by the Board of Trustees as a way of returning surplus funds to Participants to be used as credits toward the payment of their annual contributions or premiums upon renewal. The total amount appropriated for the RSF is determined by the Executive Committee. Each Participant receives a share of that appropriation based on their proportion of the total annual contributions or premiums paid to the Trust and the losses incurred by the Trust.

7.04 Deficits.

In the event of a deficit for any Trust Year, the deficit shall be made up from any of the following:

- (1) Any contributions paid by the Trust Participants;
- (2) Unencumbered funds, including monies from the Surplus; and
- (3) Any assessments paid by Participants as required by the Board of Trustees in the event the Surplus is also exhausted by, among other things, the payment of claims.

7.05 Bonds.

The Trustees shall require that a fidelity bond be furnished as to all persons handling money for or on behalf of the Trustees, including but not limited to individual Trustees, the Administrator and the Service Agent.

**ARTICLE VIII
HEALTH AND SAFETY**

8.01 Accident and Illness Prevention Program.

In accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder, the Trust shall establish an accident and illness prevention program. Such program shall include surveys, recommendations, training programs, consultants, analyses of accident causes and other related services for the prevention of workers' compensation claims and enhance the welfare of the Participants' employees.

**ARTICLE IX
EXCESS INSURANCE REQUIREMENTS**

9.01 Specific and Aggregate Excess Insurance.

In accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder, the Trust will purchase single accident (single occurrence) excess insurance and aggregate excess insurance unless this requirement is waived by the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation.

**ARTICLE X
GUARANTY AGREEMENT AND ANNUAL REPORTS**

10.01 Guaranty Agreement.

As required by the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder, the Trust shall execute a Guaranty

Agreement with the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation which Guaranty Agreement is hereby adopted and incorporated by reference as though fully set forth herein.

10.02 Annual Reports.

The Trust shall submit an annual report to the Pennsylvania Department of Labor and Industry Bureau of Workers' Compensation in accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder.

ARTICLE XI

AMENDMENTS

11.01 Amendments Not Requiring Consent of Trustees. The terms and provisions of this Agreement may be amended at any time by a majority of the Executive Committee for one (1) or more of the following purposes:

- (a) To cure any ambiguity, defect or omission in this Agreement;
- (b) To change or modify any provision of this Agreement so as to comply with any applicable law, regulation or administrative ruling which may be in effect; or

11.02 Amendments Requiring Consent of the Trustees.

The Board of Trustees by a two thirds (2/3) vote may consent to and approve any other amendments to this Agreement as shall be deemed necessary and desirable by the Board for the purpose of modifying, altering or amending, adding to or rescinding any of the terms or provisions contained in this Agreement, including, but not limited to, the inclusion of additional types of insurance coverages, subject to the limitations contained in Section 11.03 hereof. The Board shall prescribe rules and procedures for submission of proposed amendments to the Participants.

11.03 Limitation on Amendments.

No amendment shall be adopted which alters the basic purpose of the Trust or alters the rights of Participants to receive dividends as provided in Section 7.03 hereof or alters the obligation of Participants to pay any assessments or contributions which may be established under Section 7.05 hereof, which amendments would jeopardize the actuarial and fiscal soundness of the Trust.

ARTICLE XII

TERMINATION

12.01 Term of Trust.

The Trust shall continue unless and until terminated pursuant to law or by an instrument in writing signed by two thirds (2/3) of the Participants, and duly approved by the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation.

12.02 Termination of the Trust.

In the event of termination of the Trust, the Participants covenant and agree to make any provision for the payment of any outstanding municipal indebtedness and for the payment of claims against the Trust or its Participants 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 each Participant 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 XIII

MISCELLANEOUS

13.01 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 no Participant or any official, employee or agent of any Participant nor any individual shall have any right, title or interest in the Trust nor any right to Premiums made or to be made thereto, nor any claim against any Participant on account thereof, except to the extent of the right of Participants to receive their pro rata share of any excess funds as provided hereunder. No Participant may assign any right, claim or interest it may have under this Agreement.

13.02 Execution of Documents.

The Trustees may authorize any Trustee or 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.

13.03 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, registered or certified mail postage paid, return receipt requested, when personally delivered by hand, or when transmitted by 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 each Participant shall be provided to the Administrator. The parties shall notify the Administrator as to any change in address.

13.04 Construction.

This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania.

13.05 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, by the Trustees and the Chief Executive Officer of the local agency or municipality, of a counterpart signature page in the forms attached hereto, which together with this Agreement and all other duly executed signature pages shall constitute the complete Agreement among all the parties hereto.

13.06 Subrogation.

Each Participant agrees that in the event of the payment of any loss by the Trust under this Agreement, the Trust shall be subrogated to the extent of such payment to all the rights of the Participant against any person or other entity legally responsible for damages for said loss, and in such event the Participant hereby agrees to render all reasonable assistance, other than pecuniary, to effect recovery.

13.07 Defense by Trust.

The Trust shall have a duty to represent all Participants with respect to the payment of workers' compensation claims, as required by law.

13.08 Limitation of Liability.

Liability of the Trust to any Participant is specifically limited to the payment of workers' compensation claims in accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. §1, et seq., as amended, and any regulations promulgated thereunder.

Participants' liability shall be limited to the extent of the financial contributions to the Trust set forth herein, and any additional obligations as may come about through amendment hereto, including an obligation to repay any municipal debt as may be incurred by the Trust, its Participants or any entity created for that purpose. No Participant agrees or contracts herein to be held responsible for any claims in tort, contract or otherwise made against any other Participant. Nothing contained in this Agreement or in the By-laws thereto or the Coverage Document shall be deemed to create any relationship of surety, indemnification or responsibility between Participants for the debts of or claims against any other Participant.

13.09 Arbitration.

With the exception of any decisions by the Board disclaiming or denying coverage for any claim (s) made against any Participant, and decisions by the Board of Trustees regarding the expulsion or withdrawal of a Participant, all other disputes between a Participant and the Trust must be resolved by an arbitration panel or some other alternative dispute resolution entity selected by the parties in accordance with guidelines and procedures adopted by the Board of Trustees upon the recommendation of the Executive Committee. As to all disputes arising under this Agreement, neither the Trust nor the Participant may file suit in any court of law except to enforce a decision by the Board of Trustees, arbitration panel or other alternative dispute resolution entity.

13.10 General Representations of Participants.

(a) The Participant is a body corporate and politic, a political subdivision of the Commonwealth of Pennsylvania, as defined under Pennsylvania law. The Participant has the power to enter into this Agreement and any other documents in connection herewith and the transactions contemplated hereunder and thereunder. The party executing this Agreement on behalf of the Participant has full power and authority to execute same and any documents executed in connection herewith.

(b) This Agreement has been duly and validly executed and is a valid and binding agreement on the Participant under the laws of the Commonwealth of Pennsylvania, enforceable in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally and such principles of equity as the court, in its discretion, may impose with respect to remedies which may require enforcement by a court of equity.

13.11 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.

IN WITNESS WHEREOF, the Trustees, have executed this Trust Agreement, all as of the date above first mentioned.

WITNESS:

_____	_____
_____	_____
_____	=====

IN WITNESS WHEREOF, the undersigned, a(n) _____ of
the Commonwealth of Pennsylvania, has caused Trust Agreement to be executed as of

Attest:

By: _____

(SEAL)

CERTIFICATE OF AUTHORITY

I, _____ of _____ certify
that the above signature has been fully authorized by _____
(attach copy of ordinance or other authorization).

Date: _____

Signed: _____

IN WITNESS WHEREOF, the undersigned, a of the Commonwealth of Pennsylvania,
has caused this signature page to be executed this _____ day of _____, 200_,
and hereby becomes a party to the _____
_____) Delaware
Valley Workers' Compensation Intergovernmental Agreement, dated as of, among the
Municipalities and Trustees which are parties hereto.

Attest:

By: _____

(SEAL)

CERTIFICATE OF AUTHORITY AND SUBSCRIPTION

_____ of _____
certify that the above signature has been fully authorized by _____
(attach copy of ordinance or other authorization) and that _____
has authorized and appropriated [will appropriate] the payment of a total of
_____ (\$ _____) to the Delaware Valley Workers
Compensation Trust consisting of a _____ initial contribution and
_____ annual Premium on _____ Witness:
Signed: _____
Dated: _____



Trust Year 2020 - Estimated Annual Deposit Premium Contribution

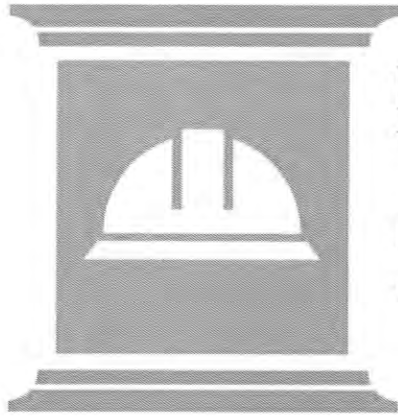
Prospect: **North Wales Borough**
 Effective Date: **October 1, 2020**

Total Payroll: \$767,036
Payroll for Year: 2020

Guaranteed Cost

Quotation: No **Indication:** Yes

Class	Code	Exposure Basis	Exposures (1)	Rates eff. 1/1/20 (2)	Contribution
Waterworks	753	Per \$100 of Payroll	0	3.43	0
Library - Public	890	Per \$100 of Payroll	0	0.52	0
Inspectors (Outside Sales)	951	Per \$100 of Payroll	0	0.33	0
Clerical Office	953	Per \$100 of Payroll	160,584	0.13	209
Townships or Boroughs - All Other	980	Per \$100 of Payroll	106,000	5.80	6,148
Police	985A	Per \$100 of Payroll	500,452	4.19	20,969
Paid Fire	985B	Per \$100 of Payroll	0	11.52	0
Volunteer Ambulance Corps	993	Per Location	0	843.71	0
Volunteer Fire Companies	994	Population Served	SWIF	SWIF	SWIF
Annualized Deposit Premium Contribution:					
Total Manual Premium Contribution					\$27,326
<u>Estimated</u> Experience Modification Factor (eff. 10/1/2020)					1.581
Schedule Modification					1.000
Total Modified Annual Deposit Premium Contribution					\$43,210
Less Multi-Trust Discount - 2% (Reflects Membership in DVHT and DVWCT)					(\$864)
Annualized Net Deposit Due					\$42,346
Multi-Trust Discount from Delaware Valley Health Trust					(\$1,946)
<i>Future Unknown Dividends</i>					???
<i>Future Unknown Rate Stabilization Funds</i>					???
Annualized Net Cost after Multi-Trust Discounts					\$40,400
Cost Comparison					
MRM Deposit Premium Contribution					\$53,463
<i>Dividend (Average of last 4 dividends)</i>					(\$10,561)
MRM Net Cost					\$42,902
Amount of Difference					(\$2,502)
Percentage Difference					-6%



DELAWARE VALLEY WORKERS' COMPENSATION TRUST

COVERAGE DOCUMENT

I. INTRODUCTION

A. The Coverage Document

This Coverage Document includes, at its effective date, a full description of all the coverage provided to the Trust Participants, including all endorsements and schedules.

B. Covered Parties

All Trust Participants are covered parties under this Trust Coverage Document.

C. Workers Compensation Law

This Trust Coverage Document provides coverage in accordance with Pennsylvania law, including the Pennsylvania Workers' Compensation Act ("the Act") and regulations promulgated thereunder. The coverage provided herein is intended to comply in all respects with the requirements imposed under the Act, which are incorporated herein by reference.

D. Coverage Territory

Any state of the United States of America and the District of Columbia.

E. Coverage Period

The Coverage Period commences on January 1 through December 31 for each year during which this Coverage Document is effective.

January 1, 2020 Edition

II. GENERAL CONDITIONS

A. Defense, Investigation and Settlement of Claims

1. The Trust shall have the right and duty to defend any claim against a Participant seeking workers' compensation benefits or other damages which shall be payable under this Coverage Document, even if those claims are groundless, false or fraudulent. In exercising its right to control the defense of all Participants the Trust reserves the right to assert any defenses which may apply to the liability of the Participant. Reinsurers of the Trust and its Participants shall have the right to associate in the defense of claims likely to exceed any self-insured retention ("SIR") of the Trust in accordance with the provisions of the applicable reinsurance policies.
2. The Trust may also make such investigation and settlement of any claim or suit as it deems acceptable; provided however, that the Trust shall not be obligated to pay any claim or judgment and defend any employers liability claim after the applicable limits of the Trust's liability have been exhausted under the terms of this Coverage Document.
3. All settlements shall be approved by the Executive Committee or its designee in accordance with the guidelines adopted by a majority vote of the Board of Trustees. No Participant shall, except for its own cost and its own account, make any payment, admit any liability, settle any claim, assume any obligation or incur any expense without the written consent of the Trust.
4. A decision by the Executive Committee or its designee to settle a claim or claims against a Participant shall be binding upon that party, whose consent shall not be required except for employers liability claims paid in excess of the limits provided to the Participant under this Coverage Document.
5. If the Participant refuses to execute a settlement agreement or any related document(s) previously approved by the Executive Committee or its designee or otherwise refuses to authorize a settlement of any covered claims within the limits provided under the Pa. Workers' Compensation Act or those applicable to employers liability claims under this Coverage Document, then the Trust's liability shall not exceed the combined amount for which the claim would have been settled and any claims expenses if the claim, suit or proceedings had been compromised as determined by the Executive Committee. The Trust will then have no liability for any additional claims expense accruing thereafter and the Trust shall have the right to withdraw from further defense thereof by tendering control of the claim to the Participant.

6. Once limits of liability for any employers liability claims against the Participant have been exhausted by the payment of judgments, then the duty of the Trust to defend the Participant shall cease.
7. The decision to withdraw from the defense of claims made against a Participant shall be determined by the majority vote of the Board of Trustees. The Trust shall also have the right to withdraw from the defense of the Participant when and if all covered claims against that party have been dismissed or otherwise disposed of and the only remaining claims against the Participant are not covered under this Coverage Document.
8. The Trust shall be permitted to defend a Participant against an employers liability claim under a reservation of rights and/or a non-waiver agreement, whereby the Trust agrees to defend subject to:
 - i. the terms of the Trust Coverage Document; and/or
 - ii. any defense, legal or equitable, which the Trust may have against the Participant which may justify exclusion of any claims against the Participant which is defended by the Trust under a reservation of rights.

B. Coverage Disputes

1. As provided in the Trust Agreement (as amended eff. 1/1/08), any and all disputes between the Trust Participants and the Trust itself shall be fully and finally resolved by the Board of Trustees. All such disputes will be resolved in accordance with the coverage dispute resolution procedures adopted by the Board of Trustees. In accordance with those procedures, the Board of Trustees will appoint a subcommittee of the Board responsible for deciding coverage disputes between a Participant and the Trust. Adverse decisions by that subcommittee may be appealed by the Participant to the Board of Trustees which shall decide the matter by majority vote. Neither the Participant nor the Trust shall have the right to appeal the Board's decision or file suit in any court except to enforce the Board's decision.
2. The procedure described herein does not apply to coverage disputes between any commercial insurance or reinsurance companies and the Trust or its Participants. However, Participants may not initiate any legal proceedings against any commercial insurer or reinsurer of the Trust without prior written approval of the Chairman, who shall be authorized to give such approval upon a majority vote of the Board of Trustees. The right of the Board to approve such lawsuits does not apply to any coverage separately provided to each Participant and not included in this Trust Coverage Document.

C. Amendments to the Trust Coverage Document

There shall be no amendments to the Trust Coverage Document except upon 2/3 majority

vote of the entire Board of Trustees. All amendments of the Trust Coverage Document shall be effective as of the date of adoption unless otherwise noted.

D. Actions against the Trust

Except as otherwise expressly provided in the Trust Coverage Document and by-laws, no person or organization shall have the right under these provisions to:

1. Join the Trust as a party or otherwise bring the Trust into a suit seeking for damages or other relief from a party;
2. Sue the Trust under the provisions of this Trust Coverage Document in state or federal court.

E. Assignments

Subject to the terms of any applicable excess or reinsurance policies, no Participant shall have the right to assign any interest it may have under this Coverage Document.

F. Recovery from Others

The Trust shall have the right of any Participant and the rights of persons entitled to benefits of this coverage to recover monies paid by the Trust from anyone liable for the injury or disease. All Participants shall do everything necessary to protect those rights for the Trust and have the Trust enforce them. However, The Trust will not enforce its rights of recovery against a particular person or organization to the extent required by law, or, to the extent required in a written contract or agreement between the Participant and that person or organization, provided the contract or agreement is executed prior to the loss. Such waiver of The Trust's right of subrogation may be confirmed in writing by the Trust Administrator in the form of a coverage certificate or otherwise.

G. Insolvency and Bankruptcy

Insolvency or bankruptcy of a participant shall not relieve the Trust of its obligations under the provisions of this Coverage Document.

H. Inspection and Audit

The Trust and its representatives shall be permitted, but not obligated to, inspect the Participant's employment documentation, facilities and operations at any time. Neither the Trust's right to make inspections, the making thereof or any report thereon shall constitute an undertaking on behalf of or for the benefit of others to determine or warrant that such property or operations are safe or healthful or in compliance with any law, rule or regulation.

I. Other Coverage

The Trust will not pay more than its share of benefits, damages and costs covered by this Coverage Document and other insurance or self-insurance. Subject to any limits of liability that will apply, all shares will be equal until the loss is paid. If any self-insurance or insurance is exhausted the shares of all the remaining coverage will be equal until the loss is paid.

J. Participants' Duties if Injury Occurs

Each Participant is required to inform the Trust in writing if an injury occurs which may be covered under this Coverage Document. The participants are also required to:

1. Provide for immediate medical and other services required by the workers' compensation law;
2. Give the Trust or its designee the names and addresses of the injured persons and of witnesses and other information the Trust may need;
3. Promptly give the Trust all notices, demands and legal papers relating to the injury, claim, proceeding or suit;
4. Cooperate with the Trust and assist the Trust in any investigation, settlement or defense of a claim, proceeding or suit;
5. Do nothing after injury occurs that would interfere with the Trust's right to recover from others; and
6. Do not voluntarily make payments, assume obligations or incur expenses, except at the participant's own cost.

III. WORKERS' COMPENSATION COVERAGE

A. Statutory Provisions

The following statements apply, as required by law:

1. As between an injured worker and the Trust, the Trust shall have notice of any injury when the Participant receives notice;
2. The default, bankruptcy or insolvency of a Participant will not relieve the Trust of its duties under this Coverage Document after an injury occurs;
3. The Trust is directly and primarily liable to any person entitled to the benefits under this Coverage Document. Those persons may enforce the Trust's

duties; so may an agency authorized by law. Enforcement may be against the Trust or against the Trust and a Participant;

4. Jurisdiction over a Participant is jurisdiction over the Trust for purposes of the workers' compensation law. The Trust is bound by decisions against a Participant under the law subject to the provisions of the Coverage Document which are not conflict with that law.
5. This coverage conforms to all parts of the workers' compensation law which apply to:
 - a. Benefits payable by this coverage; and
 - b. Special taxes, payments into security or other special funds and assessments payable by the Trust under that law.
6. Terms of this Coverage Document that conflict with the Workers' Compensation Act of Pennsylvania are changed by this statement to conform with that law.

Nothing in the above paragraphs shall relieve the any Participant of its duties under this Trust Coverage Document.

B. How the Coverage Applies

This workers' compensation coverage applies to bodily injury to accident or bodily injury by disease. Bodily injury includes resulting death.

1. Bodily injury by accident must occur during the coverage period;
2. Bodily injury by disease must be caused or aggravated by the conditions of employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the coverage period.

C. Coverage Agreement

The Trust will pay promptly, when due, the benefits required of a Participant by the Pennsylvania Workers' Compensation Act and all regulations promulgated thereunder.

The Trust will also pay those costs, in addition to other amounts payable under this coverage as part of any claim, proceeding, or suit that the Trust defends:

1. Reasonable expenses incurred at the Trust's request, but not loss of earnings;
2. Premiums for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this Coverage Document;
3. Litigation costs taxed against a Participant;
4. Interest on a judgment as required by law until the Trust offers the amount due under

this coverage; and

5. Expenses incurred by the Trust.

D. Payments Which Must Be Made By A Participant

Participants are responsible for any payments in excess of the benefits regularly provided under the Workers' Compensation Act, including those required because:

1. Of a Participant's serious and willful misconduct;
2. A Participant's knowing employment of an employee in violation of law;
3. A Participant's failure to comply with health or safety law or regulations; or
4. If a Participant discharges, coerces, or otherwise discriminates against any employee in violation of the Workers' Compensation Act or any applicable Pennsylvania law.
5. Of application of Act 193, D.L. 477 (the Pa. Heart and Lung Act) which provides for payment of full wages and medical expenses for policemen and firemen injured in the performance of their duty.

If the Trust makes any payments not regularly provided by the Pennsylvania Workers' Compensation Act on behalf of a Participant, that Participant will reimburse the Trust promptly.

IV. EMPLOYERS LIABILITY COVERAGE

A. How This Coverage Applies

Subject to the below listed conditions, this employers liability coverage applies to bodily injury by accident or bodily injury by disease suffered by employees. "Bodily injury" includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by a Participant.
2. The employment must be necessary or incidental to the Participant's work in the coverage territory;
3. The bodily injury by accident must occur within the coverage period;
4. The bodily injury by disease must be caused or aggravated by the conditions of employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the coverage period.

5. If a Participant is sued, the original suit and any related legal actions for damages for bodily injury by accident or disease must be brought in the United States of America, its territories or possessions or Canada.

B. Coverage Agreement

The Trust will pay all sums a Participant must legally pay as damages because of bodily injury to employees, provided the bodily injury is covered by employers liability coverage.

The damages the Trust will pay where recovery is permitted by law, include damages:

1. For which a Participant is liable to a third party by reason of a claim or suit against the Participant by that third party to recover the damages claimed against such third party as a result of injury to a Participant's employee;
2. For care and loss of services;
3. For consequential bodily injury to a spouse, child, parent, brother or sister of the employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by the Participant; and
4. Because of bodily injury to a participant's employee that arises out of and in the course of employment, claimed against that Participant in a capacity other than as an employer.

C. Exclusions

This coverage does not apply to:

1. Liability assumed under a contract. This exclusion does not apply to a warranty that a Participant's work will be done in a workmanlike manner;
2. Punitive or exemplary damages because of bodily injury to an employee employed in violation of law;
3. Bodily injury to an employee in violation of law with a Participant's actual knowledge or the actual knowledge of any of the Participant's officials;
4. Any obligation imposed by a workers' compensation, occupational disease, employment compensation, or disability benefits law or any other similar law;
5. Bodily injury intentionally caused or aggravated by a participant;
6. Bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury of a citizen or resident of the United States of America or Canada who is temporarily outside these countries;

7. Damages arising out of the discharge of, coercion of, or discrimination against any employee in violation of law; and
8. Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee or any personnel practices, policies, acts or omissions.

D. Additional Expenses

The Trust will pay these costs, in addition to other amounts payable under this coverage, as part of any claim, proceeding or suit that the Trust defends:

1. Reasonable expenses incurred at the Trust's request, but not loss of earnings;
2. Premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of the Trust's liability under this coverage;
3. Litigation costs taxed against a Participant;
4. Interest on a judgment as required by law until the Trust offers the amount due under this coverage; and
5. Expenses incurred by the Trust.

E. Limits of Liability

The Trust's liability to pay for damages is limited. The Trust's limits for liability applies as explained below:

1. Bodily Injury By Accident - \$1,000,000 is the most the Trust will pay for all damages covered by this coverage because of bodily injury to one or more employees in any one accident. A disease is not bodily injury by accident unless it results directly from bodily injury by accident.
2. Bodily Injury By Disease - \$1,000,000 is the most that the Trust will pay for all damages covered by this coverage and arising out of bodily injury by disease regardless of the number of employees who sustain bodily injury by disease during the Coverage Period. \$1,000,000 is the most the Trust will pay for all damages because of bodily injury by disease for any one employee.

Bodily injury by disease does not include a disease which results directly from a bodily injury by accident.

3. The Trust will not pay any claims for any damages after the Trust has paid its applicable limit of liability under this coverage.

V. NOTICE OF AVAILABILITY OF ACCIDENT AND ILLNESS PREVENTION SERVICES

As a value-added service and in compliance with Department of Labor and Industry regulations, Trust Participants receive accident and illness prevention services. These include surveys, recommendations, training programs, consultations, analyses of accident causes, industrial hygiene and industrial health services. Prevention services may be initiated on behalf of Participants by the Trust's qualified accident and illness prevention personnel or may be requested directly by contacting the Risk Control Department at 267-803-5713. The Trust reserves the right to apportion prevention services based on Participant need, size and complexity.

(as amended eff. 1/1/17)

**DELAWARE VALLEY
WORKERS' COMPENSATION TRUST**

BY-LAWS

ARTICLE I

DEFINITIONS

Section 1. Words and Phrases Defined. All words and phrases defined in the Delaware Valley Insurance Workers' Compensation Intergovernmental Agreement (the "Trust Agreement") and not defined in these By-Laws shall have the same meaning in these By-Laws as in the Trust Agreement.

ARTICLE II

NAME AND PRINCIPAL OFFICE

Section 1. Name. The name of this Trust is the Delaware Valley Workers' Compensation Trust.

Section 2. Principal Office. The principal office of the Trust shall be established on an annual basis by a majority of the Board of Trustees present and voting at a duly called meeting at which there is a quorum.

ARTICLE III

ELIGIBILITY OF PARTICIPANTS

Section 1. Political Subdivisions. Participation of the Trust shall be limited to political subdivisions of the Commonwealth of Pennsylvania as to that term is defined in the Trust Agreement. The Trustees shall determine whether a prospective participant is eligible for membership in the Trust and their decision shall be final.

Section 2. Criteria. Participants shall satisfy underwriting standards and other criteria approved by the Board of Trustees from time to time, and any requirements set forth in the Trust Agreement.

ARTICLE IV

APPROVAL OF PARTICIPANTS

Section 1. Application. The Trustees shall approve a form of application from time to time. The application shall contain information sufficient to enable the Trustees to determine the eligibility of an applicant for participation in the Trust, including, but not limited to:

(a) Underwriting and claims data for a three (3) year period prior to submission of the application;

(b) Detailed information regarding the organization, personnel, and administration of the applicant;

(c) Names of all previous insurers and premium data for the three (3) year period prior to submission of the application;

(d) Operating budgets and other financial information as may be required by the Board for a period of three (3) years prior to submission of the application;

(e) Any other information required by the Board of Trustees or any of the Trust's officers, attorneys, service agents, consultants or employees.

Section 2. Application Fee. The Trustees shall establish an application fee from time to time. Their fee shall be based upon the cost of processing the application and completing the loss control survey.

Section 3. Effective Date. Upon receipt of an application and an application fee, the Trustees shall determine by a two-thirds majority vote whether such Applicant is approved for participation in the Trust. Upon a determination of approval of a Participant, the Trustees shall establish an Effective Date for such Participant. The Effective Date does not have to coincide with the date of entry into the Trust, but the Effective Date may not precede the date on which Premium is due.

ARTICLE V

OBLIGATIONS AND RIGHTS OF PARTICIPANTS

Section 1. Safety Regulations and Loss Control. Each Participant shall comply with any plan of loss control and prevention, including, but not limited to, the institution of reasonable safety regulations and loss prevention procedures, approved by the Trustees, and submitted to each Participant by the Service Agent. A Participant may object in writing to any requirements included in such plan and the decision of the Trustees shall be final.

Section 2. Contact Person. Each Participant shall submit in writing to the Administrator the name of a person, who may be an elected official, officer, or employee of such Participant, to be the Contact Person. The Administrator shall not be required to contact any other individual except the Contact Person in dealing with the Participant and any notice to or agreements with the Contact Person shall be binding on the Participant. The Participant may change the Contact Person by written notice to the Administrator and such change shall be effective upon receipt of such notice.

Section 3. Withdrawal. Upon expiration of the initial two (2) year period, as a Participant in the Trust a Participant may withdraw from membership at the end of any Trust Year by giving at least one hundred twenty (120) days prior written notice to the Trustees. Such notice may be rescinded by a Participant at any time prior to the end of

the Trust year in which such notice was given. Such rescission shall be in writing and delivered to the Administrator by hand or registered mail.

Section 4. Expulsion. The Trustees may cancel the membership of any Participant in accordance with the Trust Agreement by a two-thirds (2/3) vote of all Trustees at a duly called meeting of the Trustees, or, in addition, by informal vote in the case of non-payment of contributions of assessments. Prior to such determination, the Trustees shall provide to a Participant ten (10) days notice by registered mail, return receipt requested, of the meeting at which such Expulsion shall be voted upon. Such Participant shall be given an opportunity to speak at such meeting prior to any vote, and the Trustees may postpone such vote for a reasonable time in order to give the Participant an opportunity to cure the breach of the agreement for which there is a reason for expulsion. If such reason for Expulsion is not cured within a reasonable time, the Trustees shall meet and vote on the matter of such Expulsion with no further prior notice to the Participant.

ARTICLE VI

TRUSTEES

Section 1. The Trustees. The property and business of the Trust shall be managed and controlled by a Board of Trustees who shall hold office and exercise such powers as are provided in the Trust Agreement.

Section 2. Appointment of Trustees. Each Participant shall have a representative on the Board of Trustees.

Section 3. Removal of Trustees. A Trustee may be removed from office for the following reasons:

- (a) The Trustee no longer holds a position with the Participant he was selected to represent as an elected or appointed official or employee.
- (b) The Trustee has a financial interest in any Service Agent or any other firm providing services to the Trust.
- (c) The Trustee fails to attend three (e) consecutive meetings of the Board of Trustees.
- (d) Two-thirds of all Trustees determine, for good cause, that the Trustee shall be removed.

Any Trustee removed under this Section shall be notified in writing of such removal, and the decision of the Board of Trustees is final.

Section 4. Resignation of Trustees. A Trustee may resign by giving at least thirty (30) days prior written notice via registered or certified mail to the Chairman. Such notice

shall state the date on which the resignation shall take effect and such resignation shall take effect on that date.

Section 5. Appointment of New Trustees. When a vacancy exists on the Board of Trustees by reason of the removal or resignation of a Trustee or otherwise, the Participant represented by the Trustee shall appoint a replacement who shall serve the remaining term of the Trustee who is replaced.

Section 6. Designation of Substitute Trustee. A Trustee who is unable to attend a Board meeting may designate a substitute to attend that meeting. This substitute Trustee must meet the qualifications of a Trustee under the Trust Agreement.

ARTICLE VII

MEETINGS OF THE TRUSTEES

Section 1. Annual Meeting. The Trustees shall hold an annual meeting in December of each year or any other time selected by a majority of the Board of Trustees.

Section 2. Other Meetings. At the Annual Meeting, the Trustees shall establish a schedule of other regular meetings as they deem desirable for the administration of the Trust. Special meetings of the Trustees may be called by the Chairman, or as requested in writing by a majority of the Trustees. By unanimous consent of the Trustees, special meetings may be held without notice at any time and place, provided all Trustees execute a waiver of notice and consent to said meeting. Informal action by telephone or otherwise may be taken by the Trustees and be as valid as though it had been authorized at a meeting of the Trustees in the event all of the Trustees shall consent in writing to such informal action.

Section 3. Notice of Meetings. The Trustees shall be given written notice of the annual meeting and other regular meetings at least thirty (30) days prior to such meetings. The Trustees shall be given written notice ten (10) days in advance of any special meeting, unless otherwise provided by these By-Laws.

Section 4. Quorum. A quorum for the transaction of business at a duly called meeting shall consist of a majority of the Trustees then serving.

Section 5. Voting. Unless the Executive Committee agrees to take action by mail (regular or electronic) ballot, all actions of the Trustees shall be by a majority vote of the Trustees present and voting at a duly called meeting at which there is a quorum, except that to amend the Trust Agreement, Trust Coverage Document and these By-Laws, admit or expel a Participant, or determine a necessary or prudent purpose for which money from the Restricted Surplus Fund may be used, a two-thirds (2/3) vote of all Trustees shall be required.

ARTICLE VIII

DUTIES OF THE TRUSTEES

Section 1. Administration of the Trust. Trustees shall administer, manage, and control the Trust in compliance with the Trust Agreement.

Section 2. Duties of Trustees. In connection with such administration, management, and control, the Trustees shall perform or cause to perform duties set forth in the Trust Agreement.

ARTICLE IX

DUTIES OF EXECUTIVE COMMITTEE

The Board of Trustees of the Delaware Valley Workers' Compensation Trust hereby authorize the Executive Committee to:

1. Solicit applications for the position of Trustee Administrator, interview applicants and make appropriate recommendations to the Board for approval;
2. Solicit proposals and applications from service agents and employees, interview applicants and make appropriate recommendations to the Board;
3. Solicit and evaluate applications for inclusion on the approved list of defense counsel and make appropriate recommendations to the Board;
4. Supervise the activities of the Trust Administrator, defense counsel, Trust service agents and the solicitor;
5. Approve the payment of claims on behalf of the Trust;
6. Evaluate any coverage disputes between a participant and the Trust and make appropriate recommendations to the Board;
7. Approve appointment of defense counsel from the list of counsel approved by the Board of Trustees on a case-by-case basis, as needed;
8. Authorize the payment of compensation and expenses on behalf of the Trust to the Trust Administrator, its employees, service agents, defense counsel and the solicitor accordance with any applicable employment agreements or contracts;
9. Solicit, receive and evaluate applications from political subdivisions for admission to the Trust and make appropriate recommendations to the Board;
10. Recommend any amendments to any agreements, by-laws or service contracts to the Board for adoption;

11. Schedule meetings of the Board of Trustees, including any special meeting which may be required;
12. Receive and evaluate proposals concerning the types of coverage available to Trust participants and applicable coverage limits and make appropriate recommendations to the Board;
13. Receive and evaluate proposals for the purchase of commercial insurance and make appropriate recommendations to the Board;
14. Enter agreements on behalf of the Trust with any third parties, including the Trust Administrator, service agents and solicitor, which agreements have been duly authorized by the Board of Trustees;
15. Authorize payment of any premiums on behalf of the Trust to any commercial insurance companies, which premiums have been duly authorized by the Board of Trustees.
16. Authorize payment of any ordinary operating expenses on behalf of the Trust, including, but not limited to, payments for telephone, rent, stationery, electricity, office equipment and utilities.
17. Take any other action as authorized by the Board.

ARTICLE X

OFFICERS

Section 1. Election of Officers. The Trustees at the time of the annual meeting shall elect a chairman of the Board of Trustees, who shall be a Trustee, to serve for the Trust Year at the pleasure of the Board of Trustees. The Chairman shall preside at all meetings of the Trustees, and shall perform all such other acts and duties as are incident to his or her executive office. In the absence or disability of the Chairman, his or her duties shall be performed by the Vice-Chairman.

The Trustees shall also elect a five (5) member Executive Committee, two of whose members shall be the Chairman and Vice Chairman. The three other members of the Executive Committee shall be selected by that Committee to hold the positions of Treasurer, Secretary and Assistant Secretary-Treasurer.

Section 2. Assumption of Duties. Officers and members of the Executive Committee elected at the annual meeting shall thereupon assume their duties. Members of the Executive Committee shall have staggered terms of five, four, three, two and one years, respectively.

ARTICLE XI

ADMINISTRATOR

Section 1. Selection of Administrator. The Trustees shall employ an Administrator, who may be an individual or a company, to provide administrative and supervisory services to the Trust. Such Administrator shall have authority to implement policies and procedures determined by the Trustees. The Administrators may not be a Service Agent or broker for the Trust.

Section 2. Duties of Administrator. The Administrator shall perform the following functions for the Trust:

- (a) Act as Secretary to the Trustees, prepare an agenda and all necessary background material for all meetings of the Trustees, attend such meetings and draft minutes thereof.
- (b) Act as custodian of all minutes, books, reports, files, and records of the Trust.
- (c) Review Applications and make recommendations to the Trustees regarding participation by an applicant.
- (d) Prepare and distribute materials, answer inquiries, make site visits, and otherwise act to target and provide information to prospective Participants.
- (e) Act as a liaison with the Participants to provide information and consultation on matters relating to coverages, premiums, and other business matters of the Trust.
- (f) Coordinate workshops and seminars for the Participants, as needed.
- (g) Oversee the activities of the Service Agent, the Fiscal Agent, and any accountant, actuarial firm, and counsel retained by the Trustees, receive reports and make recommendations to the Trustees based on such reports.
- (h) Prepare, or cause to be prepared, calculations of proposed distribution of any surplus funds.
- (i) Prepare, or cause to be prepared, proposed annual contribution calculations, and upon approval by the Trustees, submit bills for contributions to all Participants.
- (j) Evaluate recommendations of any service agent employed by the Trust and submit such evaluation to the Trustees for approval.
- (k) Work with any financial advisor employed by the Trustees to provide such financial advisor with information and statistical data as may be needed.

(1) Review all financial transactions of the Trust to determine that all monies are being handled in a proper manner for the benefit of the Trust.

(m) Otherwise conduct the day to day activities, including clerical operations, of the Trust and perform such other functions as the Trustees may from time to time request.

(n) Prepare and submit applications for self-insurance exemptions to the Pa. Department of Labor and Industry and communicate with the Department and the Pa. Bureau of Workers compensation on behalf of the Trust and its participants.

ARTICLE XIII

AUDITOR

Section 1. Selection of Auditor. The Auditor of the Trust shall be an independent Certified Public Accountant selected in the sole discretion of the Trustees.

Section 2. Duties of Auditor. The auditor shall prepare audited financial statements of Trust operations for each Trust Year and submit a copy of such audited statements directly to the Trustees.

ARTICLE XIV

GENERAL COUNSEL

Section 1. Selection of General Counsel. The Board of Trustees shall retain the services of a law firm or individual to act as General Counsel to the Trust.

Section 2. Duties of General Counsel. The General Counsel shall advise the Administrator, Executive Committee, and Board of Trustees on all legal matters relating to the operation of the Trust.

ARTICLE XV

OTHER SERVICE AGENTS

The Board of Trustees may also retain or employ other service agents including, but not limited to, an independent insurance consultant, an actuary and a financial advisor to perform such duties as established by the Board.

ARTICLE XVI

FUNDS OF THE TRUST

Section 1. Fiscal Agent. The Trustees shall contract with a financial institution having trust capabilities to act as Fiscal Agent.

Section 2. Receipt of Contributions. The Fiscal Agent shall receive the contributions remitted by the Participants and shall segregate such monies into the Surplus Fund and the General Operating Fund, as set forth in the Trust Agreement.

Section 3. Surplus Fund and General Operating Fund. The Fiscal Agent shall hold the monies of the Trust in the Surplus Fund and the General Operating Fund as instructed by the Trustees and invest and reinvest all or part of such monies in investments permitted by applicable law.

Section 4. Checking Accounts. The Administrator shall establish one or more checking accounts as needed to pay claims and expenses of the Trust. One such checking account shall be used by the Fiscal Agent to pay claims.

Section 5. Generally Accepted Accounting Principles. All funds of the Trust and any accounts thereunder shall be established and maintained in accordance with generally accepted accounting principles and any other applicable state or federal regulations.

ARTICLE XVII

DISTRIBUTION OF SURPLUS

Section 1. Formula. Any distribution of surplus funds made pursuant to Section 7.04 of the Trust Agreement shall be by a formula approved by the Trustees and such formula shall be adopted by a resolution of the Board of Trustees, and approval of the Trust Actuary.

ARTICLE XVIII

COVERAGES

The Trust shall provide coverage for workers compensation benefits in accordance with the Pennsylvania Workers' Compensation Act, 77 P.S. Section 1 et seq. and any regulations promulgated thereunder.

ARTICLE XIX

AMENDMENTS TO BY-LAWS

Section 1. Method of Amendment. The Trustees, by the affirmative vote of two-thirds (2/3) of the entire Board, may amend or alter any of these By-Laws.

Section 2. Compliance with Trust Agreement. No amendment or alteration of these By-Laws shall be adopted which is inconsistent or in conflict with any term or provision of the Trust Agreement.

ARTICLE XX

AMENDMENTS TO TRUST AGREEMENT

Section 1. Amendments by the Executive Committee. These By-Laws may be amended by a majority of the Executive Committee for one (1) or more of the following purposes:

- (a) To cure any ambiguity, defect or omission in these By-Laws; and/or
- (b) To change or modify any provision of these By-Laws so as to comply with any applicable law, regulation or administrative ruling which may be in effect.

Section 2. Amendments To Be Approved by the Board of Trustees.

- (a) The Trustees, by a two-thirds vote, may approve any other amendments to these By-Laws.
- (b) Such amendments shall be submitted to all Participants, and upon receipt of approval by two-thirds of Participants, the amendment shall be effective.

DELAWARE VALLEY
WORKERS' COMPENSATION TRUST

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019

(See Independent Auditors' Report)

TABLE OF CONTENTS

Independent Auditors' Report	3-4
Management's Discussion and Analysis	5-7
Financial Statements:	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10-11
Notes to Financial Statements	12-23
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule I – Schedule of Ten-Year Claims Development Information	25



936 Easton Rd., PO Box 754, Warrington, PA 18976 | 70 W. Oakland Ave., Doylestown, PA 18901
130 Almshouse Rd. Suite 201A, Richboro, PA 18954 | 24 Arnett Ave. Suite 111, Lambertville, NJ 08530
215-343-2727 | www.bbco-cpa.com

INDEPENDENT AUDITORS' REPORT

To the Executive Committee of
Delaware Valley Workers' Compensation Trust:

Report on the Financial Statements

We have audited the accompanying financial statements of Delaware Valley Workers Compensation Trust which comprise the statements of net position as of December 31, 2019 and 2018, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delaware Valley Workers Compensation Trust as of December 31, 2019 and 2018, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 7 and claims development information on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bee, Bergvall & Co.

Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
April 30, 2020

DELAWARE VALLEY WORKERS COMPENSATION TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

Overview of the Financial Statements

The Delaware Valley Workers Compensation Trust's (the Trust) basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the Trust is to provide workers compensation insurance for municipalities. Financial statements are presented on the accrual basis of accounting. The three basic financial statements presented within the financial statements are as follows:

Statement of Net Position – This statement presents information reflecting the Trust's assets, liabilities, and net position of members' surplus. Surplus represents the amount of total assets less total liabilities.

Statement of Revenues, Expenses, and Changes in Net Position – This statement reflects the Trust's operating revenues and expenses, as well as non-operating revenues/expenses during the year. The major source of operating revenue is premium income and the major operating expense is the provision for losses. The change in net position of members' surplus for a public entity risk pool is similar to net profit or loss for any other insurance company.

Statement of Cash Flows – The statement of cash flows is presented on the direct method of reporting which reflects cash flows from operating, capital, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the year.

Financial Highlights

As management of the Delaware Valley Workers Compensation Trust (the Trust) we offer readers of the Trust's financial statements this narrative overview and analysis of the financial activities of the Trust for the years ended December 31, 2019 and 2018.

DELAWARE VALLEY WORKERS COMPENSATION TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

	Year ended December 31, <u>2019</u>	Year ended December 31, <u>2018</u>
Cash and Investments	\$ 61,953,749	\$ 50,329,391
Receivables	2,890,383	3,941,562
Prepaid Expenses	9,606	422,333
Other Assets	-	598
Reinsurance Recoverable	<u>4,321,902</u>	<u>5,161,766</u>
Total Assets	<u>\$ 69,175,640</u>	<u>\$ 59,855,650</u>
Claims: Reported Losses and IBNR	\$ 36,409,906	\$ 34,378,884
Other Payables	177,266	376,584
Dividends Payable	1,579,636	1,250,867
Rate Stabilization Fund	2,933,295	2,992,641
Net Position of Members' Surplus	<u>28,075,537</u>	<u>20,856,674</u>
Total Liabilities and Net Position	<u>\$ 69,175,640</u>	<u>\$ 59,855,650</u>

	Year ended December 31, <u>2019</u>	Year ended December 31, <u>2018</u>
Member Contributions	\$ 18,768,646	\$ 18,386,237
Other	<u>1,107</u>	<u>1,145</u>
Total Operating Revenues	<u>18,769,753</u>	<u>18,387,382</u>
Provision for Losses, Net	8,565,061	6,566,935
Excess Premiums	1,308,744	2,171,957
SWIF Premiums	1,628,833	2,144,731
Administrative Expenses	<u>2,811,010</u>	<u>2,715,954</u>
Total Expenses	<u>14,313,648</u>	<u>13,599,577</u>
Net Operating Income	<u>4,456,105</u>	<u>4,787,805</u>
Investment Income (Loss), Net	5,762,757	(1,221,074)
Increase (Decrease) in Net Position	<u>10,218,862</u>	<u>3,566,731</u>
Net Position of Members' Surplus, Beginning of Year	20,856,675	20,289,943
Rate Stabilization Funds	(1,000,000)	(1,000,000)
Dividends	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Net Position of Members' Surplus, End of Year	<u>\$ 28,075,537</u>	<u>\$ 20,856,674</u>

See independent auditors' report and
accompanying notes to financial statements

DELAWARE VALLEY WORKERS COMPENSATION TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

The Delaware Valley Workers' Compensation Trust's (the Trust) total assets for the year ended December 31, 2019 increased 15.6% from the prior year and total liabilities increased 5.4%. The Trust's surplus position increased by 34.6% to a total of \$28 million in 2019 from \$20.8 million in 2018.

Total operating revenues increased 2.1% in 2019 to \$18.8 million. Net investment income included an increase in net interest and dividend income of approximately \$317 thousand as well as a net increase in the value of investments at December 31, 2019 of \$4.1 million, compared to a \$2.6 million loss for 2018. Total expenses increased by approximately \$714 thousand from the prior year.

In addition to the \$1 million allocated to the Trust's rate stabilization fund, the Executive Committee also approved returning \$1.25 million in dividends to the membership and adding \$750,000 to the dividends payable account.

Economic Conditions

At December 31, 2019, The Delaware Valley Workers' Compensation Trust provided coverage to 92 members in nine Pennsylvania counties.

As a result of the 2019 Novel Coronavirus outbreak in the first quarter of 2020, the Trust's financial results have been negatively impacted, but the extent and duration of such impact in the long-term is uncertain as it is dependent on future developments which cannot be reasonably estimated. A significant adverse change in the economic climate could continue to negatively affect the Trust, including a decline in the value of the Trust's investments.

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Statements of Net Position

December 31, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 7,916,966	\$ 3,890,292
Accounts receivable	221,456	1,202,739
Deductible recoverable	2,668,927	2,738,823
Reinsurance recoverable	4,321,902	5,161,766
Marketable investments	52,865,373	45,267,689
Prepaid expenses and other assets	9,606	422,931
Investment in DVMMA	<u>1,171,410</u>	<u>1,171,410</u>
Total Assets	<u>\$ 69,175,640</u>	<u>\$ 59,855,650</u>

LIABILITIES AND NET POSITION

Liabilities		
Claims		
Reported losses	\$ 15,469,247	\$ 15,700,183
Losses incurred but not reported:		
Firefighter Cancer Presumption Law	1,570,069	1,477,346
Other claims	19,370,590	17,201,355
Accounts payable and accrued expenses	177,266	90,991
Dividends payable	1,579,636	1,250,867
Risk control grants	-	285,591
Rate stabilization fund	<u>2,933,295</u>	<u>2,992,641</u>
Total Liabilities	<u>41,100,103</u>	<u>38,998,975</u>
Net Position		
Unrestricted - Members' Surplus	<u>28,075,537</u>	<u>20,856,675</u>
Total Liabilities and Net Position	<u>\$ 69,175,640</u>	<u>\$ 59,855,650</u>

See independent auditors' report and
accompanying notes to financial statements

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Operating:		
Member contributions	\$ 18,768,646	\$ 18,386,237
Other income	<u>1,107</u>	<u>1,145</u>
Total Operating Revenue	<u>18,769,753</u>	<u>18,387,382</u>
Expenses		
Operating:		
Losses and loss expenses, net of reinsurance recoveries of \$817,128 and \$40,794 in 2019 and 2018, respectively	8,565,061	6,566,935
Excess premiums	1,308,744	2,171,957
SWIF premiums	1,628,833	2,144,731
General and administrative	<u>2,811,010</u>	<u>2,715,953</u>
Total Operating Expenses	<u>14,313,648</u>	<u>13,599,576</u>
Net Operating Income	<u>4,456,105</u>	<u>4,787,806</u>
Nonoperating Revenue:		
Interest and dividend income, net	1,691,896	1,375,019
Net change in fair value of investments	<u>4,070,861</u>	<u>(2,596,093)</u>
Net Investment Income	<u>5,762,757</u>	<u>(1,221,074)</u>
Increase in Net Position	10,218,862	3,566,732
Net Position of Members' Surplus, beginning of year	20,856,675	20,289,943
Rate stabilization funds	(1,000,000)	(1,000,000)
Dividends	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Net Position - End of Year	<u>\$ 28,075,537</u>	<u>\$ 20,856,675</u>

See independent auditors' report and
accompanying notes to financial statements

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received from members	\$ 17,288,069	\$ 17,030,345
Cash paid for claims	(4,928,587)	(6,867,425)
Cash payments to suppliers for goods and services	(5,248,987)	(6,867,962)
Other operating revenues	<u>1,107</u>	<u>1,145</u>
Net cash provided by (used in) operating activities	<u>7,111,602</u>	<u>3,296,103</u>
Cash flows from capital and related financing activities:		
Dividends paid	<u>(1,250,000)</u>	<u>(1,250,000)</u>
Net cash provided by (used in) capital and related financing activities	<u>(1,250,000)</u>	<u>(1,250,000)</u>
Cash flows from investing activities:		
Interest and dividends, net of expenses	1,691,896	1,375,019
Purchase of investments	(6,988,827)	(7,252,484)
Proceeds from sales and maturities of investments	<u>3,462,003</u>	<u>3,357,941</u>
Net cash provided by (used in) investing activities	<u>(1,834,928)</u>	<u>(2,519,524)</u>
Increase (decrease) in cash and cash equivalents	4,026,674	(473,421)
Cash and cash equivalents, beginning of year	<u>3,890,292</u>	<u>4,363,713</u>
Cash and cash equivalents, end of year	<u>\$ 7,916,966</u>	<u>\$ 3,890,292</u>

(continued)

Reconciliation of Net Increase (Decrease) in Net Position
to Net Cash Provided (Used) by Operations

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase (decrease) in net operating income	\$ 4,456,105	\$ 4,787,805
Adjustments to reconcile increase (decrease) in net position to net cash provided by (used in) operating activities:		
Depreciation	598	4,385
(Increase) decrease in receivables	981,283	(773,500)
Decrease (increase) in deductible recoverable	69,896	(547,179)
(Increase) decrease in prepaid expenses	412,727	176,729
Decrease (increase) in reinsurance recoverable	839,864	380,636
(Decrease) increase in liability for reported losses	(230,936)	736,244
Increase (decrease) in liability for losses incurred but not reported - Firefighter Cancer Presumption Law	92,723	(28,803)
Increase (decrease) in liability for losses incurred but not reported - other claims	2,169,235	(44,983)
Increase (decrease) in accounts payable and accrued expenses	86,275	(16,434)
Increase (decrease) in dividends payable	(421,231)	(453,026)
Increase (decrease) in risk control grants program	(285,591)	(127,909)
Increase (decrease) in rate stabilization funds	<u>(1,059,346)</u>	<u>(797,862)</u>
Net cash provided by (used in) operating activities	<u>\$ 7,111,602</u>	<u>\$ 3,296,103</u>

See independent auditors' report and
accompanying notes to financial statements

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Notes to Financial Statements

December 31, 2019

NOTE 1. Description of Business

The Delaware Valley Workers' Compensation Trust (DVWCT or the Trust) formed on January 1, 1992, is a regional intergovernmental risk sharing pool comprised of 92 members located in Southeastern PA. Authority for the Trust is granted by the Pennsylvania Intergovernmental Cooperation Law and Pennsylvania Workers' Compensation Act as amended. The Trust offers a method of funding and paying medical and indemnity obligations due municipal employees under the Pennsylvania Workers Compensation Act. The purpose and intent of the Trust is to provide an efficient and cost effective alternative to commercial workers' compensation insurance and to reduce both the frequency and severity of work-related injury and occupational disease claims. The Trust is a recognized group fund regulated by the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation.

The Trust is governed by a Board of Trustees comprised of a representative from each member municipality. The Board of Trustees elects five officers who serve on an Executive Committee.

The Trust is funded by its member municipalities. Claims are filed by members through the Trust. Any member may withdraw from the Trust on the first day of the following year after giving 120 days prior written notice to the Trust Administrator. Municipalities may be admitted by a 2/3 vote of the Trustees. Rate-setting policies are established by the Executive Committee in consultation with independent insurance consultants. Rates are approved by the Pennsylvania Department of Labor and Industry. Member municipalities are subject to a supplemental assessment in the event of deficiencies. The Executive Committee may distribute returns of surplus to member municipalities in the form of dividends and rate stabilization fund credits.

NOTE 2. Summary of Significant Accounting Policies

The financial statements of the Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. The more significant accounting policies are as follows:

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Notes to Financial Statements

December 31, 2019

NOTE 2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Claims Liabilities

Claims liabilities are based on losses reported; estimates of losses incurred but not yet reported, and allocated loss adjustment expense. Claims liabilities also include reserves for unallocated loss adjustment expenses. Management has provided for estimated losses it believes are reasonable and reflective of anticipated ultimate experience. As a result of the length of time required for the ultimate liabilities for losses to be determined, the amounts that will ultimately be paid to settle the liabilities may vary significantly from the estimated amounts provided for in the accompanying financial statements. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. Adjustments to claims liabilities resulting from such revisions are charged or credited to expense in periods in which they are made.

Accounts Receivable

Accounts receivable includes amounts billed or to be billed to a member for self-insured retention and amounts due from other insurance companies for subrogated claims.

Investments

Pursuant to guidelines established by the Board of Trustees, the Trust can invest in the following individual securities, mutual funds, or pooled asset portfolios:

- U.S. Treasury securities, U.S. federal agency securities, U.S. government guaranteed obligations and investment grade corporate bonds
- Marketable equity securities of U.S. corporations
- Short-term instruments maturing in 360 days or less
- Other investments as authorized by the Board of Trustees

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Notes to Financial Statements

December 31, 2019

NOTE 2. Summary of Significant Accounting Policies (Continued)

The investment objectives are intended to maximize long-term return within reasonable and prudent levels of risk and maintain an adequate surplus level thereby providing for stable income and reasonable liquidity.

Member Contributions

Member contributions are determined annually and billed quarterly and are recognized as revenue in the year for which group self-insurance is provided.

Statement of Cash Flows

For the purpose of the statement of cash flows, the Trust considers all liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Prepaid Expenses

Prepaid expenses as of December 31, 2019 and 2018 include \$9,606 and \$422,931, respectively, for prepaid insurance coverage.

Reclassifications

Certain prior period balances have been reclassified to conform to the current year presentation.

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Notes to Financial Statements

December 31, 2019

NOTE 3. Deposits and Investments

The components of marketable investments as of December 31, 2019 are as follows:

	<u>Fair Value</u>
Money Market Fund	\$ 1,107,820
Equities	4,386,614
Mutual Funds	13,714,765
Exchange Traded Funds	961,579
Fixed Income	<u>32,694,595</u>
	<u>\$ 52,865,373</u>

The fair values of securities are based on quoted market prices for those or similar securities.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Trust's investment policy limits its investment portfolio to a liability-weighted benchmark made up of U.S. Treasuries. The schedule of maturities for fixed income securities at December 31, 2019 is as follows:

	Less than <u>1 year</u>	<u>1-5 years</u>	<u>5-10 years</u>	More than <u>10 years</u>	<u>Total</u>
Corporate Bonds	\$ 3,167,980	\$ 16,110,088	\$ 4,021,856	\$ 3,969,360	\$ 27,269,284
Government Bonds		494,198	2,069,749	1,483,965	4,047,912
Asset Backed Securities	-	314,213	406,392	656,794	1,377,399
	<u>\$ 3,167,980</u>	<u>\$ 16,918,499</u>	<u>\$ 6,497,997</u>	<u>\$ 6,110,119</u>	<u>\$ 32,694,595</u>

Credit Risk: The Trust's investment policy limits investments in corporate fixed income securities to the first five quality grades established by any two of the nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2019, the Trust's investments in fixed income securities were rated as follows:

AAA	\$ 4,381,637
AA+/AA/AA-	2,599,576
A+/A/A-	16,758,029
BBB+/BBB/BBB-	<u>8,955,353</u>
	<u>\$ 32,694,595</u>

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Notes to Financial Statements

December 31, 2019

NOTE 3. Deposits and Investments (Continued)

Concentration of Credit Risk: The Trust's policy is to diversify its investment portfolio, in order to reduce the risk of loss resulting from excessive concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The securities of any one corporation should account for no more than 5% at purchase value of the total portfolio. No more than 5 percent of the total stock portfolio may be invested in the common stock of any one corporation. No more than 25 percent of stock may be held in any one-industry category and fixed income securities of any one issuer shall not exceed 5 percent of the total bond portfolio at the time of purchase.

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the Trust's deposits may not be returned to it. The Trust's policy for custodial credit risk for deposits is to obtain a letter from the bank noting that deposits in excess of \$250,000 are collateralized by securities held by the bank. At December 31, 2019, \$6,960,588 the Trust's deposits were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department but not in the Trust's name.

Other deposits totaling \$16,402 are in the state investment pool. The Trust's cash equivalent investments in PLGIT are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The Trust's position in the external investment pool is the same as the value of the pool shares and is reported at amortized cost which approximates fair value. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. The Trust can withdraw funds from the external investment pool without limitation or fee upon adequate notice. The concentration of credit risk in investments of external investment pools is not required to be disclosed.

Custodial Credit Risk – Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust's policy for custodial credit risk for investments is that all investments are backed by underlying securities. All investments are backed by underlying securities.

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Notes to Financial Statements

December 31, 2019

NOTE 3. Deposits and Investments (Continued)

Net investment income (loss) is comprised of the following:

	<u>Years Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest income	\$ 1,053,893	\$ 918,687
Dividends	638,003	456,332
Realized gains (losses) on sale of investment, net	405,702	894,496
Change in unrealized gain (losses) on investments	3,665,159	(2,691,105)
Earnings on rate stabilization funds	-	(105,004)
Revalue of DVMMA investment	-	(694,480)
Investment Income (Loss), Net	<u>\$ 5,762,757</u>	<u>\$ (1,221,074)</u>

Realized gains on investment sales are determined based on the difference between the proceeds of the sale and the amortized cost of the investments sold. The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments. Realized gains or losses on investments that had been held in more than one fiscal year and sold in the current year were included as a net change in the fair value of investments reported in the prior years and the current year.

Additionally, the Trust has a 21% interest in Delaware Valley Municipal Management Association, LLC (DVMMA) (Note 11) that is accounted for under the equity method.

Summary financial information for DVMMA is as follows as of December 31:

	<u>2019</u>	<u>2018</u>
Total Assets	\$ 6,945,330	\$ 6,396,838
Total Liabilities	<u>(1,355,423)</u>	<u>(818,693)</u>
Members' Equity	<u>\$ 5,589,907</u>	<u>\$ 5,578,145</u>

NOTE 4. Fair Value Measurements

The Trust categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Notes to Financial Statements

December 31, 2019

NOTE 4. Fair Value Measurements (Continued)

Fair value measurements define levels within the hierarchy based on the reliability of inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Corporate bonds listed on a national market or exchanges are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 2 of the valuation hierarchy. Government bonds consisting of government agency debt obligations are generally valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality and type. Debt securities are generally classified within Level 2 of the valuation hierarchy.

The Trust's investments at December 31, 2019 and 2018, respectively, categorized within the fair value hierarchy detailed above were as follows:

<u>Investments by Fair Value Level</u>	<u>December 31, 2019</u>			
	<u>Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market fund	\$ 1,107,820	\$ 1,107,820	\$ -	\$ -
Equities	4,386,614	4,386,614	-	-
Mutual funds	13,714,765	13,714,765	-	-
Exchange Traded Funds	961,579	961,579	-	-
Fixed Income:				
Corporate bonds	27,269,284	-	27,269,284	-
Asset backed securities	1,377,399	-	1,377,399	-
Government bonds	4,047,912	-	4,047,912	-
Total Investments by Fair Value Level	<u>\$ 52,865,373</u>	<u>\$ 20,170,778</u>	<u>\$ 32,694,595</u>	<u>\$ -</u>

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Notes to Financial Statements

December 31, 2019

NOTE 4. Fair Value Measurements (Continued)

<u>Investments by Fair Value Level</u>	<u>December 31, 2018</u>			
	<u>Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market fund	\$ 320,732	\$ 320,732	\$ -	\$ -
Equities	3,415,619	3,415,619	-	-
Mutual funds	10,569,674	10,569,674	-	-
Exchange traded funds	877,856	877,856	-	-
Fixed Income:				
Corporate bonds	25,079,595	-	25,079,595	-
Asset backed securities	2,241,250	-	2,241,250	-
Government bonds	<u>2,762,963</u>	<u>-</u>	<u>2,762,963</u>	<u>-</u>
Total Investments by Fair Value Level	<u>\$45,267,689</u>	<u>\$ 15,183,881</u>	<u>\$ 30,083,808</u>	<u>\$ -</u>

NOTE 5. Insurance Coverage

The Trust retains responsibility for the payment of claims under the self-insured loss retention of \$750,000 per occurrence for 2019 and 2018, prior to the application of coverage provided by its excess insurance contracts with Midwest Employers Casualty Company and Safety National Casualty Corporation, respectively. The excess insurance for 2019 included a corridor deductible of \$250,000 which applies in excess of the \$750,000 retention. The amount of incurred claims in excess of the self-insured loss retention limit per occurrence is reflected as reinsurance recoverable in the accompanying balance sheets.

NOTE 6. Claims Liability Expenses - Net

	<u>2019</u>	<u>2018</u>
Reported Losses	\$ 15,469,247	\$ 15,700,183
Less:		
Deductible recoverable	(2,668,927)	(2,738,823)
Retention	(149,500)	(367,390)
Reinsurance recoverable (for unpaid claims)	<u>(1,310,548)</u>	<u>(1,831,002)</u>
Net claims for reported losses	<u>\$ 11,340,272</u>	<u>\$ 10,762,968</u>

NOTE 7. Unpaid Claims Liabilities

As discussed in Note 2, the Trust establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Notes to Financial Statements

December 31, 2019

NOTE 7. Unpaid Claims Liabilities (Continued)

The following represents changes in those aggregate liabilities for the years ended December 31, 2019 and 2018 (in thousands):

	<u>2019</u>	<u>2018</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 34,378	\$ 33,716
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	10,460	16,378
Increase (decrease) in provision for insured events of prior year	<u>(1,832)</u>	<u>(8,342)</u>
Total incurred claims and claims adjustment expenses	<u>8,628</u>	<u>8,036</u>
Payments:		
Claims and claims adjustments expenses applicable to insured events of the current year	(2,361)	(2,175)
Claims and claims adjustments expenses applicable to insured events of the prior year	<u>(4,236)</u>	<u>5,199</u>
Total payments	<u>(6,597)</u>	<u>(7,374)</u>
Total unpaid claims and claim adjustments expenses at end of year	<u>\$ 36,409</u>	<u>\$ 34,378</u>

The components of the Trust's reserve for losses and loss expense as of December 31, are as follows:

	<u>2019</u>	<u>2018</u>
Reserve for Reported Losses	\$ 12,369,247	\$ 13,100,183
Reserve for Incurred but Not Reported (IBNR) Losses	20,940,659	18,678,701
Unallocated Loss Adjustment Expense	<u>3,100,000</u>	<u>2,600,000</u>
	<u>\$ 36,409,906</u>	<u>\$ 34,378,884</u>

NOTE 8. Dividends

The Trust, at its discretion, may authorize and declare dividends to its members based upon availability of funds. Members receive a dividend for the particular loss year in which they were members only if the member contributed to the Trust's surplus and if the member is a member of the Trust at the time the dividend is paid and the Member has not given notice of leaving the Trust. The amount of the dividend is a function of the member's underwriting gain in relation to other members' loss performance. Dividends are approved by the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation prior to distribution. During 2019 and 2018, the Trust declared dividends of \$2,000,000, and cash paid for dividends of \$1,250,000 for each year. The Trust has recorded dividends payable in the accompanying balance sheet of \$1,579,636 and \$1,250,867 as of December 31, 2019 and 2018, respectively.

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Notes to Financial Statements

December 31, 2019

NOTE 9. Rate Stabilization Program

The Executive Committee annually evaluates at the time of its consideration of potential dividends to the members, a potential contribution of the Trust's surplus of the preceding fiscal year to the Rate Stabilization Fund (the RSF). Whether such contributions are made and the amount of such contributions, if any, to the RSF is determined by the Executive Committee after consideration of the Trust's overall surplus as of the preceding fiscal year and change in reported losses in the current fiscal year. Any contributions are allocated to the current membership of the Trust based on each member's historical loss experience and total premium contributions to the Trust. Investment income is allocated to each member's portion of the RSF. At January 1 of each fiscal year, each member may use its available RSF balance as a credit towards its premium contribution due for that year. The RSF is owned and controlled by the Trust. Former or departing Trust members are excluded from participating in the RSF and may not withdraw any of their allocated portions of the RSF. If a member leaves the Trust their portion of RSF will be added back to surplus.

During 2019 and 2018, the Executive Committee allocated \$1,000,000 in each year, to the Trust's RSF. During 2019 and 2018, members of the Trust used a total of \$1,059,346 and \$902,866 of the RSF as a credit towards their 2019 and 2018 premiums, respectively. The Trust's RSF earned investment income of \$-0- and \$105,004 during 2019 and 2018, respectively. At December 31, 2019 and 2018, the balance of the Trust's RSF was \$2,933,295 and \$2,992,641 respectively.

NOTE 10. Members' Contributions

	Years Ended December 31,	
	<u>2019</u>	<u>2018</u>
Total Premiums	\$ 18,768,646	\$ 18,386,237
Adjustments:		
Multi-trust discount	(463,497)	(453,026)
Rate stabilization funds used	<u>(1,059,346)</u>	<u>(902,866)</u>
Adjusted Premiums	17,245,803	17,030,345
Less: Reinsurance Premiums	(1,308,744)	(2,171,957)
SWIF Premiums	<u>(1,628,833)</u>	<u>(2,144,731)</u>
Total Premiums, net	<u>\$ 14,308,226</u>	<u>\$ 12,713,657</u>

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Notes to Financial Statements

December 31, 2019

NOTE 11. Related Party Transactions

The Delaware Valley Municipal Management Association, LLC (DVMMA) was formed pursuant to an Operating Agreement (the agreement) dated August 28, 1998 between DVMMA, Delaware Valley Workers' Compensation Trust (DVWCT) and Delaware Valley Property & Liability Trust (DVPLT), (formerly known as Delaware Valley Insurance Trust). The primary purpose of DVMMA is to provide management and administrative services to DVWCT, DVPLT and Delaware Valley Health Trust (DVHT). DVMMA is governed by managers who serve in a similar capacity for all three trusts.

The Trusts have provided capital contributions to DVMMA primarily to finance the purchase and renovation of properties for DVMMA and the Trusts' operations. Pursuant to terms of the Agreement, additional contributions may be required to meet the operating requirements of DVMMA. DVMMA has also paid dividends to the Trusts as a return of capital, reducing their investment in DVMMA. Additional capital contributions or dividends require approval by the Executive Committees of DVPLT, DVWCT, and DVHT.

In 2019, an appraisal was done of the DVMMA property and it was determined to write down the value of the property. DVMMA also adopted GASB #68 and will record the pension liability on their books. The investment in DVMMA has been adjusted on the respective trusts.

DVMMA provides management and administrative services for DVPLT, DVWCT and DVHT. As compensation for these services, DVMMA may charge an annual management fee at the discretion of the Executive Committee, and a monthly rental fee based upon each entity's usage of the property owned by DVMMA. No fee was charged for the years ended December 31, 2019 and 2018. For the years ended December 31, 2019 and 2018, the rental fee charged to DVWCT was \$180,000 in each year. During 2019 and 2018, the amount allocated to DVWCT for payroll was \$1,620,916 and \$1,569,562, respectively.

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Notes to Financial Statements

December 31, 2019

NOTE 11. Related Party Transactions (Continued)

All employees participate in the DVMMA defined benefit employee benefit plan. This is a contributory plan in which employees have 4.5 percent of their gross pay withheld each pay period. DVMMA also paid \$121,249 and \$114,635 on behalf of the Trust to the defined benefit pension plan administrator for the minimum municipal obligation in 2019 and 2018, respectively. Total pension expense for 2019 and 2018 was \$188,189 and \$150,006, respectively.

NOTE 12. Federal Income Taxes

The Trust is exempt from Federal income taxes under Section 115 of the Internal Revenue Code.

NOTE 13. Commitments and Contingencies

The Trust is party to various claims and other matters arising in the normal course of business. In the opinion of management, the outcome of these matters will not have a material adverse effect on the Trust's financial position or result of operations.

NOTE 14. Subsequent Events

The Trust has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report which is the date the financial statements were available to be issued. No subsequent events have been recognized.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The resulting restrictions on travel and quarantines imposed have had a negative impact on the U.S. economy and business activity globally, the full impact of which is not yet known and may result in an adverse impact to the Trust's investments and operating results.

SUPPLEMENTARY INFORMATION

DELAWARE VALLEY WORKERS' COMPENSATION TRUST

Schedule I – Claims Development Information

Unaudited

December 31, 2019

(in thousands)

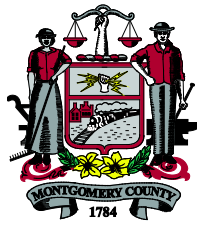
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contributions and investment income:										
Earned	\$ 12,602	\$ 10,680	\$ 12,709	\$ 14,107	\$ 14,959	\$ 14,338	\$ 18,154	\$ 19,466	\$ 17,165	\$ 24,531
Ceded	<u>943</u>	<u>1,047</u>	<u>1,195</u>	<u>1,202</u>	<u>2,887</u>	<u>3,148</u>	<u>3,470</u>	<u>3,721</u>	<u>4,317</u>	<u>2,938</u>
Net earned	11,658	9,632	11,514	12,905	12,072	11,189	14,685	15,745	12,848	21,593
Unallocated expenses	1,746	1,673	2,072	1,987	2,207	2,189	2,446	2,650	2,716	2,811
Estimated losses and expenses, end of policy year:										
Net incurred	6,305	7,055	9,655	5,117	7,703	9,242	8,637	9,768	9,536	9,478
Net paid (cumulative) as of:										
End of policy year	1,400	1,716	2,438	1,225	1,991	2,404	2,180	3,299	2,175	2,360
One year later	2,593	2,965	4,025	2,666	3,897	4,801	3,700	5,992	3,932	-
Two years later	3,299	4,017	4,885	3,305	4,913	5,935	4,546	6,786	-	-
Three years later	3,765	4,812	5,966	3,843	5,103	6,100	5,058	-	-	-
Four years later	3,858	4,937	6,445	4,321	5,144	6,182	-	-	-	-
Five years later	3,980	5,017	6,276	4,607	5,312	-	-	-	-	-
Six years later	4,126	4,937	6,503	4,615	-	-	-	-	-	-
Seven years later	4,181	4,868	6,245	-	-	-	-	-	-	-
Eight years later	4,247	4,867	-	-	-	-	-	-	-	-
Nine years later	4,365	-	-	-	-	-	-	-	-	-
Reestimated net incurred losses and expenses:										
End of policy year	6,305	7,055	9,655	5,117	7,703	9,242	8,637	9,768	9,536	9,478
One year later	5,419	6,891	8,768	5,452	7,762	9,480	8,038	10,848	8,741	-
Two years later	5,674	6,695	8,314	5,800	7,715	9,198	7,533	10,854	-	-
Three years later	5,538	6,504	8,262	5,909	7,199	8,552	7,345	-	-	-
Four years later	5,214	6,458	8,240	5,777	6,752	8,060	-	-	-	-
Five years later	5,241	6,236	7,807	5,657	6,671	-	-	-	-	-
Six years later	5,148	5,856	7,514	5,491	-	-	-	-	-	-
Seven years later	4,976	5,599	7,294	-	-	-	-	-	-	-
Eight years later	4,873	5,533	-	-	-	-	-	-	-	-
Nine years later	4,911	-	-	-	-	-	-	-	-	-
Increase (decrease) in estimated net incurred losses and expenses from end of policy year	(1,394)	(1,522)	(2,361)	374	(1,032)	(1,182)	(1,292)	1,086	(795)	-

**MONTGOMERY COUNTY
BOARD OF COMMISSIONERS**

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JOSEPH C. GALE, COMMISSIONER



DEPARTMENT OF PUBLIC SAFETY

MONTGOMERY COUNTY E.O.C. • 50 EAGLEVILLE ROAD

NORRISTOWN, PA 19403

610-631-6500

FAX: 610-631-6536

WWW.DPS.MONTCOPA.ORG

THOMAS M. SULLIVAN

DIRECTOR

Contact: Todd Stieritz | Public Affairs Coordinator | (610) 631-6544 | tstierit@montcopa.org

For Immediate Release: August 11, 2020

Help for Montgomery County Residents with Damage from Hurricane Isaias

Toll-Free Hotline Established to Connect with Volunteer Resources

Eagleville, PA (August 11, 2020) – In light of the effects of Hurricane Isaias on our region, the Montgomery County Department of Public Safety, along with neighboring counties that experienced flooding and wind damage, has been working with our Voluntary Agencies Active in Disaster (VOAD) partners to establish the Hurricane Isaias Home Cleanup Hotline to support homeowners in need.

Residents should call **1-844-965-1386** (toll-free) to provide details about the extent of storm-related damages. The information will be shared with volunteers from local disaster relief organizations, community groups, and faith communities who may be able to help.

Call the Hurricane Isaias Home Cleanup Hotline if you need help with these types of services:

- Cutting fallen trees
- Removing affected drywall, flooring, and appliances
- Tarping roofs
- Mitigating mold

These services are performed by volunteers and will be provided at no cost to the resident. Service is not guaranteed, however, as resources are limited. After providing your information to the Hotline, you may be contacted by a representative from a participating organization who will determine if they are able to provide help.

The Hurricane Isaias Home Cleanup Hotline will remain open through Friday, August 28, 2020. Calls are answered by volunteers generally during business hours, but residents can call and leave a message at any time. A volunteer will return the call as soon as possible.

PLEASE NOTE: This Hotline does not provide help with social services such as food, clothing, and shelter. It also does not offer information about insurance, questions about FEMA assistance, or provide financial support. If you need assistance with concerns not related to cleaning your home, you can call 2-1-1 or text your ZIP code to 898-211.

###

Taking the Lead

An Online Event about Marijuana & Youth for Montgomery County Changemakers

we'll hear from marijuana policy expert, **Ben Cort**



Friday, September 18, 2020

8:30 am - Presentation | 9:00 am - Discussion, Q&A

Register to attend:

tinyurl.com/y8k4y54m

password: YMPP

As a dedicated leader who cares about the young people of Montgomery County, you are invited to join us for this informative program.

As we navigate medical marijuana in Pennsylvania, and the potential for the legalization of recreational use, it is essential that we all understand the impact of marijuana on the developing adolescent and young adult brain.

Part of the 2019 - 2024

Youth Marijuana Prevention Project



You're invited to participate in the 7th annual

Community Day of Service

Saturday, October 3, 2020

8:30 am – 12:00 pm

We Need Your Help to Help Others!

Join friends and neighbors on October 3rd: We tackle and complete small outdoor projects working in a team environment to help those in need (homebound elderly, those that are ill or facing financial difficulty, community-based projects.) This year, to provide a safe environment, all participants will wear face masks and practice social distancing.

Help Us Identify Projects

Do you have a neighbor, family member, or friend in the North Wales/Gwynedd area who could use a little extra help on a yard cleanup/landscape or outdoor minor home repair project?

To volunteer your time or resources or to suggest a project, please call 215-767-9694 or send an email to NWDayofService@gmail.com

Borough Boards & Commissions Vacancies

- Historical Architectural Review Board – Term Expires: 12/31/2023
Must be a licensed real estate broker.
- Parks & Recreation Board – Term Expires: 12/31/2020
- Parks & Recreation Board – Term Expires: 12/31/2022
- Parks & Recreation Board – Term Expires: 12/31/2023
- Zoning Hearing Board – Term Expires: 12/31/2023

Please submit a letter of interest for any one or more of the above listed openings, addressed to the North Wales Borough Council in care of the Borough Manager. Letters can be submitted electronically to chart@northwalesborough.org.