George Joseph
gjoseph@quinnfirm.com

2222 W. Grandview Blvd.
Erie, PA 16506
(814) 833-2222 Phone
(814) 833-6753 Fax
www.quinnfirm.com

TO: NOREBT Board of Trustees
FROM: George Joseph
RE: Proposed Revisions to NOREBT Trust
DATE: January 27, 2012

At the last Trust Board meeting on December 6, 2011, proposed revisions to the Trust Agreement were presented for the Board's consideration. No vote was taken at that meeting, but there was general agreement to accept the majority of the revisions. Those changes are summarized as follows:

- There were multiple changes of the word "employer" to "Employer" throughout the document, which were not substantive changes;
- Deleted the requirement in Article 3.2.2 for new employers to pay an entrance fee;
- Restricted the use of the Cost Reimbursement Funding in Article 4.1(b) to districts having more than 500 employees;
- Restricted the use of the Insured Funding in Article 4.1(c) to current Affiliate Members;
- Clarified that the provision for Withdrawal from the Pooled Funding Arrangement in Article 16.1.2 does not govern the Mini-Pool; clarified that a withdrawing employer must pay any negative balance within 30 days after calculation; eliminating the penalty for withdrawal; withholding any positive balance pending payment of all run-out claims and a final accounting after one year; providing for the payment of any founding member's reserve with Highmark;
- Clarified that, at termination of the Mini-Pool in Article 16.2.2, any positive balance remaining is divided pro-rata among districts with positive balances in the Mini-Pool; clarified that determination of any positive balance is made after payment of all run-out claims and expenses.

The only issue that was not resolved at that meeting was the revision to provide for the termination of the Trust upon the withdrawal of a majority of the districts in the pooled funding arrangement, in Article 16.2.1. Mark Salvia and I met to discuss this provision, and we have no preference whether it is included or removed from the proposed revisions. Our original thought was that it was unfair for the remaining districts to reap the benefit of any positive balances left in the Mini-Pool. As it stands, the Trust can be terminated by affirmative votes of the Boards of all of the Employers. That remains unchanged. If the proposed change is not accepted, our concerns can be addressed in the Mini-Pool Agreement, at a later time, if the Board desires. A motion either way on the revisions can be accepted at the next Trust Board meeting.