

EDUCATORS' DENTAL CONSORTIUM AGREEMENT AND BYLAWS

The Participating School Entities ("**Participants**"), as herein after defined, enter into this Educators' Dental Consortium Agreement and Bylaws ("**Agreement**") dated and effective **July 1, 2017**, and as restated and modified from time to time.

WHEREAS, the Board of Directors ("**Board**") of each Participant has duly authorized the establishment of the Educators' Dental Consortium for the purpose of purchasing and providing dental insurance coverage for the parties; and

WHEREAS, it is the desire and purpose of the Participants to authorize, empower, and designate the EDC to enter into agreements with a single dental carrier and provide each Participant with a dental insurance plan using an Administrative Services Only ("**ASO**") funding arrangement.

NOW, THEREFORE, the parties hereto, in consider of their mutual covenants, hereinafter set forth, and intending to be legally bound hereby covenant and agree as follows:

ARTICLE I

Name, Purpose, and Fiscal Year

- 1.1 Name. The name of the Consortium shall be the Educators' Dental Consortium (hereinafter referred to as the "**EDC**").
- 1.2 Purpose. The purpose of the EDC is to provide dental insurance services to the membership in a fiscally responsible and prudent fashion. The EDC is intended to be a Voluntary Employee Benefit Association in accordance with Section 501(c)(9) of the Internal Revenue Code as it is providing for the payment of life, sick, accident, or other benefits to the Participants (as defined below), and no part of the net earning inures (other than through such payments) to the benefit of any private shareholder or individual.
- 1.3 Fiscal Year. The fiscal year of the EDC shall run annually from July 1 to June 30.

ARTICLE II

Participants

- 2.1 Participants. Any eligible employee, dependent, or retiree of a public school district, intermediate unit, vocational-technical school, or charter school, established by and operating under the laws of the Commonwealth of Pennsylvania (each individually a "**PA School**"), and whose employer offers dental benefits may become a Participant.
 - 2.1.1 Participating Entity. A Participating Entity is a PA School who has agreed to the terms of this Agreement, and whose employees are Participants eligible for dental benefits.

- 2.1.2 Eligibility of Participants. Eligibility of Participants varies by Participating Entity, each of which maintains plan documents describing the dental benefit option(s) that are available to their respective employees, retirees, and dependents.
- 2.2 Identity of Participants. The original Participants shall be the eligible employees of the Participating Entities who are parties to this Agreement identified on Schedule A attached hereto.
- 2.2.1 Modification of Schedule A. Schedule A will be modified from time to time to identify any New Participants (as defined in Section 2.3) who join the EDC or remove any Participants who withdraw from the EDC.
- 2.2.2 Distribution of Schedule A. Each Participating Entity will receive an updated Schedule A any time a new Participants enter the EDC, or an existing Participants withdraw from the EDC.
- 2.3 New Participants. Any PA School who is not a party to this Agreement and desires to become a Participating Entity allowing their employees to become Participants under this Agreement shall signify its intention of becoming a party to this Agreement by notifying the Executive Committee (as defined in Section 4.2) and the Administrator (as defined in Section 4.5) in writing by January 1 and by providing the following information: (a) a copy of the resolution of its Board seeking admittance into the EDC; (b) current census data; (c) current plan design, carrier, and rates; and (d) most recent twenty-four (24) months of claims data. The Executive Committee and the Administrator will make a recommendation to the current Participants on whether to admit the requesting PA School into the EDC. If a two-thirds majority of all the current Participating Entities vote to admit the requesting PA School into the EDC, then the requesting PA School will be notified by March 1 and its eligible employees shall become New Participants as of July 1 of that same year.
- 2.3.1 Initial Commitment Period. Each New Participating Entity shall have an initial two (2) year commitment period to the EDC whereby it is not permitted to withdraw from the EDC.
- 2.3.2 Initial Rate. The New Participant's initial rate(s) shall be an ASO rate established by the Administrator and approved by the Executive Committee. Thereafter, funding will be adjusted on an annual basis in conjunction with the EDC's annual renewal using the funding formulae described below in Section 4.9.
- 2.4 New Participant Minimum Fund Balance. A New Participating Entity shall not be required to post an amount of money to meet the Minimum Fund Balance stated in Section 4.11 below upon entry into the EDC. However, premium payments will begin on the first month of entry into the EDC
- 2.5 New Participants Vested Interest in EDC Fund Balance. New Participants shall not have an immediate Vested Interest (as defined in 2.7.1) in the Fund Balance (see Section 4.10) upon membership in the EDC. An allocation of the Fund Balance, based on a ratio of total premiums paid on behalf of the Participants by each Participating Entity to the total

paid by the aggregate membership during the concurrent term of the membership will be made and recorded as of the day immediately preceding the entry date of the New Participants. A separate accounting of the Fund Balance and each Participating Entity's aggregate Participants' allocated share (based on a pro-rata share of premiums paid by the new membership) will be made going forward from the date of entry of the New Participants into the EDC.

- 2.6 Withdrawal From EDC. A Participating Entity may withdraw from the EDC by submitting a Written Notice of Withdrawal to the Executive Committee by January 1. If a Participating Entity submits a Written Notice of Withdrawal by January 1, then the withdrawal shall be effective July 1 of that same year. If a Written Notice of Withdrawal is submitted to the Executive Committee after January 1, then the withdrawal shall not be effective until July 1 of the following year.
- 2.6.1 Irrevocability of Written Notice of Withdrawal. The Written Notice of Withdrawal shall be final and shall not be revocable nor rescindable.
- 2.6.2 Requirements of Written Notice of Withdrawal. The Written Notice of Withdrawal shall specifically state that the Participating Entity desires to withdraw from the EDC and it must be signed by the Participating Entity's Board President and Secretary.
- 2.6.3 Readmission Into EDC. A Participating Entity who submits a Written Notice of Withdrawal and wishes to reenter the EDC may do so subject to the other provisions of this Agreement and by complying with Section 2.3 and its related subsections above.
- 2.7 Distribution of Fund Balance After Withdrawal. Upon withdrawal from the EDC of a Participating Entity, the withdrawn Participants will not receive any distribution from the Fund Balance for at least one (1) full year from the effective date of the withdrawal from the EDC so as to provide adequate time for settlement of all claims incurred during the period of the Participating Entity's membership in the EDC.
- 2.7.1 Calculation of Participants' Vested Interest. The Participants' Vested Interest is based on the funding formula allocations that are prepared monthly and annually stated in Section 4.9 below.
- 2.7.2 Tracking and Payment of Withdrawing Entity Incurred Claims. In the 12 months immediately following the withdrawal, the claims of Participants of the withdrawing Participating Entity incurred during its membership in the EDC will be individually tracked and deducted from the balance of the Participants' Vested Interest in the Fund Balance. During this time period there will be no risk sharing, and the withdrawn Participants will be responsible for 100% of their claims that process after the withdrawal.
- (a) Surplus. If at the end of the 12 month period a positive balance remains in the withdrawing Participating Entity's Participants' Vested Interest, a distribution of the remaining amount will be made to the those Participants

within sixty (60) days by making a single distribution to the withdrawn Participating Entity to be held in trust for the benefit of its Participants and to be used for dental benefits until said surplus is depleted. At no point shall a withdrawn Participating Entity use any surplus from the Participants Vested Interest for any purpose other than providing dental benefits to the now former Participants.

- (b) Deficit. If at the end of the 12 month period a negative balance remains where the claims exceed the withdrawing Participants' Vested Interest, the EDC shall invoice the withdrawn Participating Entity for the total amount due with payment of said invoice due within sixty (60) days of receipt.

- 2.8 Failure to Pay Invoice. A former Participating Entity's failure to pay an invoice as set forth in Section 2.7.2(b) above shall not be readmitted to the EDC without first paying such invoice(s). Failure to pay an invoice as set forth in Section 2.7.2(b) within the 60 day time period does not absolve the withdrawn Participating Entity from liability of the amount owed, or remove any rights or remedies that the EDC has in law or in equity.
- 2.9 EDC Interferes With Labor Contract. If any action of the EDC makes it impossible for a Participating Entity to honor their labor contracts which existed prior to the action of the EDC, then Section 2.6 and its related subsections does not apply. In such cases Participants may immediately withdraw upon written notice and will be automatically readmitted to the EDC upon written request. Written documentation of the conflict must be submitted and approved by the Executive Committee for this Section to apply.

ARTICLE III

Dental Insurance Program

- 3.1 ASO Contract. The EDC shall enter into an ASO contract for the purchase of dental insurance coverage for the eligible employees and dependents of the Participating Entities with a single Dental Carrier.
- 3.2 Design of Dental Plans. Each Participating Entity in the EDC shall have the ability to design their own dental plan and offer their Participants whatever benefits they deem appropriate and just.
- 3.3. Review of Dental Carrier. The EDC shall periodically review its ASO contract with the Dental Carrier. The EDC shall, in its sole discretion, have the ability to solicit bids from other carriers and make decisions regarding the Dental Carrier that are in the best interests of the EDC.

ARTICLE IV

Administration and Funding

- 4.1 Participant Representative. Participants will be represented by one (1) individual from their respective Participating Entity (the Business Manager or other such designee) and each Participating Entity will have one voting right within the EDC.
- 4.2 Executive Committee. An Executive Committee of six Participant Representatives consisting of the following Officers will be appointed as of the effective date of this Agreement:

President
Secretary
Fiscal Agent
3 Committee Members

After the appointed Executive Committee serves its term (see Section 4.2.1), elections of Executive Committee shall occur consistent with Section 4.2.2 below.

- 4.2.1 Terms of Officers. Each Officer on the Executive Committee shall serve a term of 2 years, and each Officer may remain on the Executive Committee for as many consecutive terms as he/she is willing to serve.
- 4.2.2 Elections of Officers. Elections for members of the Executive Committee will be held at the annual renewal meeting during the years when terms of the officers expire, or at such other time as the Executive Committee may so request. A Participant Representative shall be elected to the Executive Committee by a simple majority vote of the EDC.
- 4.2.3 Duties of Executive Committee. The Executive Committee will be responsible for the broad oversight and supervision of the EDC and will review and approve data, proposals, agreements, contracts, and materials before that information is submitted to the Participant Representatives for consideration. The Executive Committee will make recommendations to the Participant Representatives on matters concerning the administration of the EDC, including, but not limited to, annual renewal rates, contracts, admittance of New Participants, and any other issue that affects the overall administration of the EDC.
- 4.2.4 Vacancy on the Executive Committee. In the event that a vacancy on the Executive Committee occurs, the remaining members of the Executive Committee will make a recommendation to the EDC for a specific Participant Representative to serve the remaining term of the vacant position. The recommended Representative will assume the role of the vacated Executive Committee position if elected by a simple majority of the EDC. A vacancy is considered to occur on the Executive Committee when:

- (a) an individual resigns from the Executive Committee; or

- (b) an individual on the Executive Committee ceases to be a Participant Representative.

- 4.2.5 Meetings of the Executive Committee. The Executive Committee shall meet as often as necessary, but at a minimum, at least one time prior to each full meeting of the EDC.
- 4.3 Powers of Participant Representatives. The Participant Representatives are vested with all of the powers necessary or desirable for effectuating the purpose of the EDC on behalf of their respective Participants, including, without limitation, the power to approve annual renewal rates, vote on issues related to the management and business of the EDC, amend and/or modify this Agreement, and retain the services of any third parties, including the Administrator, to assist in the management and operations of the EDC.
- 4.4 Fiscal Agent. The Fiscal Agent shall be appointed to serve a two (2) year term and will serve initially in this capacity without compensation. The EDC may, in its sole discretion, choose to reasonably compensate the Fiscal Agent on an annual basis if it is determined to be necessary and appropriate.
 - 4.4.1 Duties of Fiscal Agent. The Fiscal Agent shall choose a depository bank to be used by the Fiscal Agent for the purpose of depositing and accounting for funds received from the Participants. The Fiscal Agent shall be responsible for the collection of all premium payments, the payment of all invoices sent to the EDC, the maintenance of accounting records which provide an audit trail of all transactions, and the performance of other such fiscal duties which may be necessary to comply with applicable laws and regulations.
- 4.5 Administrator. The Participant Representatives shall appoint an Administrator for the Consortium. Upon the selection of the Administrator, the EDC will enter into a consulting agreement with the Administrator. The Administrator shall provide consulting services to the EDC and act as an advisor to the EDC. The Administrator shall be compensated based on a per contract per month basis in an amount agreed to by the EDC and the Administrator and as set forth in the consulting agreement.
- 4.6 Meetings of the EDC. The EDC shall hold a minimum of two meetings a year, one of which will be the Annual Meeting (as defined in Section 4.7), to review the performance of the EDC and to address any matters concerning the operations of the EDC. Meetings may be held in person at a mutually agreeable location, virtually via teleconference, web based, or any other such means as may be available at the time.
- 4.7 Annual Meeting. The EDC shall hold an annual meeting each year to review the performance of the EDC and to review and approve rate adjustments for the Participants of the EDC.
- 4.8 Decisions of the Participant Representatives. Two-thirds of the Participant Representatives present at a meeting shall constitute a quorum for purposes of voting. Unless otherwise specified in this Agreement, the acts of a simple majority of the Participant Representatives present at a meeting where quorum is met shall be the acts of

the Participant Representatives. A unanimous vote is only required in the event that a vote is taken outside of the scope of a meeting.

- 4.9 Funding Formula. Each Participating Entity will have individual deposit rates set by the Administrator based on a 12-month utilization performance between March 1 and February 28, and shall take into account the census of enrolled Participants, plan design, tier level of coverage, and a per contract per month administrative expense. Each year, the Administrator will determine the renewing 12-month rates based on the prior March 1 to February 28 utilization and an appropriate trend factor. The Administrator will determine a trend factor for the upcoming year based upon the regional trend in the Pennsylvania dental market. The trend factor will determine how much additional funding is necessary for the entire EDC for the upcoming fiscal year, and the amount allocated to each Participating Entity (“**Trending Increase**”) will be equal to the Participating Entity’s percentage of the total expense divided by the trend factor. A Participating Entity’s Trending Increase may be offset by any overfunding that the Participants of the Participating Entity have vested in the Fund Balance that is greater than 60 days of funding. Each Participating Entity will be responsible for 50% of their own experience (i.e., 50% of their loss ratio) and a 50% risk sharing of the EDC. The deposit rates are subject to change annually derived from the application of the Funding Formula or may result from changes in the respective plan provisions.
- 4.10 Fund Balance. The Fund Balance shall be the amount of money that the EDC has in its account at the depository bank chosen by the Fiscal Agent.
- 4.11 Minimum Fund Balance. The EDC shall maintain a Minimum Fund Balance sufficient to pay sixty (60) days of claims. The Participants shall have two (2) years from the date of this Agreement to reach the Minimum Fund Balance required by this Section. The determination as to whether the Minimum Fund Balance is met shall be made each year at the annual meeting.
- 4.12 Payment of Deposit Rates. The Administrator shall invoice each Participating Entity monthly their premium payment for that month based upon the yearly deposit rates then in effect and the number and tier level of Participant contracts that each Participating Entity has as of the last business day of the prior month. The Administrator shall set the ASO rates annually for each Participant in accordance with Section 4.9 above. Participants shall pay the amount of money stated in the invoice to the Fiscal Agent, and the payment will be deposited in the account at the depository bank chosen by the Fiscal Agent for use by the Fiscal Agent to pay the ongoing dental claims of the EDC.

ARTICLE V

Amendment and Termination

- 5.1 Amendments. This Agreement may be amended in whole or in part, by an instrument in writing duly executed on behalf of at least two-thirds (2/3) of the Participants.
- 5.2 Termination. This Agreement may be terminated, and the EDC will be dissolved by an instrument in writing duly executed on behalf of at least two-thirds (2/3) of the

Participating Entities. In the event of termination and dissolution, each Participating Entity will be considered to have withdrawn from the EDC, and Section 2.7 and its related subsections will apply.

- 5.3 Events Affecting Participants. In the event of a dissolution, merger, or consolidation of any of the Participating Entities, Participants of successors (if any) thereof may continue as Participants in the EDC and shall be subject to the terms of this Agreement, provided, however, that they furnish to the Executive Committee an instrument duly authorized and executed expressing the intention to remain a part of the EDC and to abide by the terms of this Agreement.

ARTICLE VI

Miscellaneous Provisions

- 6.1 Intent to Comply With Applicable Laws. All Participating Entities specifically agree that it is their intent that this Agreement, under all circumstances, and in every respect, shall comply with all applicable federal and state statutes, regulations, and judicial decisions. If it is determined by a proper authority that this Agreement or any part thereof is in conflict with any existing law, regulation, or judicial decisions, such provisions shall be considered void, but all other provisions hereof shall remain in full force and effect.
- 6.2 Counterparts. This Agreement may be executed in as many counterparts as may be convenient and by the different Participating Entities hereto on separate counterparts, each of which when executed by the Participating Entity shall be regarded as an original. It shall not be necessary to account for more than one counterpart signed by each party when proving this Agreement.
- 6.3 Authorization. Each Participating Entity warrants that this Agreement has been duly and validly executed.
- 6.4 Governing Law. This Agreement is governed by the laws of the Commonwealth of Pennsylvania. Any controversy or claim arising out of or relating to this Agreement or the alleged breach thereof, or any contract or legal matter pertaining to the EDC shall be heard in a Court of Law within Indiana County, Pennsylvania, which shall be the sole county of jurisdiction with respect to the EDC and any legal action pertaining thereto.
- 6.5 Complete Agreement. This Agreement contains the entire agreement between the Participating Entities with respect to the matters addressed herein, and this Agreement supersedes all prior agreements, written or oral.
- 6.6 Successors. This Agreement shall bind and inure to the benefit of the Participants and their respective successors and assigns.
- 6.7 Severability. Should any provision of this Agreement be determined by any court to be illegal or invalid, the validity of the remaining parts, terms and provisions of this Agreement shall not be affected, and said illegal or invalid provisions shall be deemed to not be a part of this Agreement.

- 6.8 Understanding Agreement. By entering into this Agreement, the Participating Entities hereto represent that the terms of this Agreement are fully understood and voluntarily accepted by them, and that they were represented by counsel in connection with this Agreement and had an opportunity review this Agreement with their respective counsel.
- 6.9 Supplemental Documents. All Participating Entities agree to cooperate fully and execute any and all supplementary or supplemental documents and to take all additional actions which may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

IN WITNESS WHEREOF, and intending to be bound hereto as of the date stated below, the undersigned hereby agrees to the terms of this Agreement.

Participating Entity

Board President

Board Secretary

Date