

**AGREEMENT ESTABLISHING
THE
OKLAHOMA MUNICIPAL ASSURANCE GROUP**

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The authority for this agreement is found in the Interlocal Cooperation Act of the Oklahoma Statutes (Section 1001 through 1008 of Title 74 of the Oklahoma Statutes).

The parties to this agreement, and any additional municipalities which may hereafter become parties to this agreement, are joining in consideration of the mutual covenants contained herein for the purposes provided in Article II of this agreement, together with such additional purposes as may be hereafter adopted.

ARTICLE I. DEFINITIONS

For the purpose of this agreement,

- 1. The term "municipality" shall mean any incorporated city or town in the State of Oklahoma;
- 2. The term "member" shall mean a municipality which has become a party to this agreement;
- 3. The term "group" shall mean the Oklahoma Municipal Assurance Group;
- 4. The term "participating agency" shall mean a member, any duly constituted public agency or its instrumentality, or the group;
- 5. The term "board of trustees" or "board" shall mean the board of trustees of the Oklahoma Municipal Assurance Group;
- 6. The term "employee" shall mean any person who is acting or who has acted in behalf of a political subdivision or an agency whether that person is acting on a permanent or temporary basis, with or without being compensated or on a full-time or part-time basis. Employee also includes all elected or appointed officers, members of governing bodies and other persons designated to act for an agency or political subdivision, but shall not include independent contractors;
- 7. The term "insurance" shall mean a contract for indemnification against loss, damage or liability arising from unknown or determinable contingencies, or payment of a specified amount upon determinable contingencies;
- 8. The term "self-insurance" shall mean a system whereby a participating municipal agency insures itself against risks, or assumes risks, through maintenance of reserves or some other method;
- 9. The term "risk" shall mean any chance of loss from contingencies or perils;
- 10. The term "plan" shall mean any program for insurance or self-insurance for participating agencies or their employees including benefits, services, protection or indemnification for life, accident and health, property, marine, vehicle, casualty, surety or other coverage;

11. The term "policy" shall mean a contract of or agreement for effecting insurance; and
12. The term "premium" shall mean the consideration for insurance.

ARTICLE II. PURPOSE

The purpose of this agreement is to:

1. Permit the municipalities joining herein to make a more efficient use of their powers and resources by cooperating on a basis that will be of mutual advantage; and
2. Provide a procedure for securing benefits, services, indemnification or protection for participating agencies and their employees relating to insurance or self-insurance, as authorized by law, of any of the following as they are defined by Sections 702 through 708 of Title 36 of the Oklahoma Statutes:
 - A. Life insurance for employees of participating agencies;
 - B. Accident and health insurance for employees of participating agencies;
 - C. Property insurance for participating agencies;
 - D. Marine insurance for participating agencies;
 - E. Vehicle insurance for participating agencies;
 - F. Casualty insurance for participating agencies and their employees; or
 - G. Surety insurance for participating agencies and their employees.

ARTICLE III. EFFECTIVE DATE AND DURATION

The effective date of this agreement shall be June 1, 1977. The agreement shall continue from year to year, without the necessity of a formal renewal by any member, for a period of fifty (50) years after June 1, 1977, unless sooner dissolved or extended by mutual agreement.

ARTICLE IV. CREATION OF GROUP

To carry out the purposes of this agreement, there is hereby created the Oklahoma Municipal Assurance Group, which group is formed, financed, organized, shall operate and may be dissolved in accordance with the provisions of this agreement.

ARTICLE V. MEMBERSHIP

Membership in the Oklahoma Municipal Assurance Group shall consist of those municipalities which are or become parties to this agreement. Each member shall be entitled to one vote which shall be cast by the governing body, or its designated agent.

ARTICLE VI. BOARD OF TRUSTEES

1. There shall be a board of seven (7) trustees for the Oklahoma Municipal Assurance Group elected from among the members for the group.
2. The trustees shall be as follows:

For terms ending on June 30, 1978 - Greg Harrison, City Manager of Okmulgee; Lloyd Haskins, City Manager of Sallisaw, and Stephen E. Reel, City Manager of The Village;

For terms ending on June 30, 1979 - Jean Hanson, Mayor of Cleveland, and Clyde L. Klingsick, Mayor of Kingfisher; and
For terms ending on June 30, 1980 - James Callahan, Finance Director of Bartlesville, and Gene Walker, City Manager of McAlester.

Thereafter, the successors to the trustees whose terms are expiring shall be elected for three-year terms commencing on the first day of July following their election.

3. Each trustee shall be an elected or appointed officer of a member of the group. If a trustee ceases to be an elected or appointed officer of a member of the group, the trustee's position shall be deemed vacant.
4. Any vacancy on the board of trustees shall be filled by appointment by the majority vote of the remaining trustees for any unexpired term.
5. Trustees shall serve on the board without compensation, but they may be reimbursed for their actual and necessary expenses as are incurred in the performance of their duties from the fund established in Article X. No trustee nor the administrator appointed in Article VIII shall incur any liability for any action, or failure to act, in such capacity except for gross negligence or willful misconduct.

ARTICLE VII. OFFICERS, MEETINGS, PROCEDURES

The trustees shall elect from among their membership a Chairman, Vice-Chairman and a Secretary. The board shall fix the date, time and place of regular meetings. In September of each year, the board shall hold a regular meeting, which shall be the annual meeting, at which it shall elect its officers.

Four (4) trustees shall constitute a quorum for the transaction of business, but any official action of the board must have a favorable vote by a majority of the trustees of the board. The board shall adopt such procedures as are deemed necessary and desirable for the conduct of its business.

ARTICLE VIII. ADMINISTRATOR AND STAFF

The board of trustees may appoint the administrator of the group, or any other employees of the group, or employ or contract for legal counsel, actuaries or other consultants, as it deems necessary to administer or provide for the plans, policies or services established pursuant to this agreement.

ARTICLE IX. POWERS AND DUTIES OF THE BOARD

The board of trustees may establish and manage any of the plans, policies and other services contemplated in this agreement, and may:

1. Prepare specifications, request bids, and enter into any contract for the purpose of underwriting, administering or providing any part or all of the plans, policies or services contemplated in this agreement on behalf of and with participating agencies;
2. Determine the rates, risks, benefits and terms of any plans, policies or services contemplated in this agreement; adjust the rates and benefits based on claim experience after at least forty-five (45) days notice to affected participating agencies;
3. Provide for individual or collective underwriting or other agreements for participating agencies in any plan, policy or service contemplated in this agreement; serve as the policy-holder of any group policies or plans; determine the methods of claim administration and payment; provide

- for claim experience for participating agencies collectively or separately;
4. Determine the amount of contributions or appropriations required from participating agencies for the purpose of participating in any part or all of the plans, policies or services established pursuant to the agreement;
 5. Establish standards for eligibility of participating agencies or employees in any plan, policy or service, and procedures for enrollment and withdrawal in any plan, policy or service; and establish effective dates of coverage;
 6. Provide for the administration of the fund or funds established in Article X, for the manner of payments to such fund and for payment of all expenses in connection with the plans, policies or services which may be established; and establish procedures for safekeeping, handling and investing such fund or funds and any monies received or paid;
 7. Establish the duties and records of the administrator to enable the correct billing of premiums and fees, enrollment of participating agencies and their employees, and payment of claims;
 8. Serve as an appeals body for complaints of participating agencies and their employees regarding allowance and payment of claims, eligibility and other matters, and establish procedures for grievances of agencies and employees;
 9. Study the operation of plans, policies or services, gross and net costs, administrative costs, benefits, utilization of benefits and claims administration;
 10. Incur expenses, acquire and hold property, and enter into agreements necessary to accomplish the purposes of this agreement; exercise the full power and authority of any member of the group when requested to do so by the member governing body; or otherwise provide for necessary activities to accomplish the purposes of this agreement.

ARTICLE X. FINANCING

The board of trustees shall establish a fund or funds as it deems necessary for the purposes of, but not limited to, the following;

1. Payment of premiums or fees for any part of the plans, policies or services established pursuant to this agreement;
2. Payment of necessary expenses approved by the board;
3. Payment of claims;
4. Payment of administration expenses; or
5. Payment of other expenses incurred in accomplishing the purposes of this agreement.

All monies paid to such fund or funds shall be held in the name of the group. After payment of any expenses authorized and compensation of the administrator or other employees and other incidental expenses, any remaining money shall be held for the benefit of the group.

The board shall provide for the manner and dates for preparation by the administrator of an annual budget and reports on the financial condition of the fund or funds.

Each participating agency shall pay for all costs, premiums, or other fees attributable to its respective participation in any plan, policy or service established under this agreement, and shall be responsible for its obligations under any contract entered into with the group.

ARTICLE XI. ADDITIONAL MEMBERS, TERMINATING MEMBERSHIP

Any eligible member, as defined in Article I, may join the group by adoption of a resolution of its governing body in accordance with the procedures of the Interlocal Cooperation Act. Any member may

withdraw from the group by a resolution of its governing body after thirty (30) days notice is given in writing to the chairman of the board of trustees. Any withdrawing member shall relinquish all voting rights and privileges and any and all claim of title or interest to any asset of the group upon the effective date of withdrawal from the group.

ARTICLE XII. DISSOLUTION AND DISPOSITION OF PROPERTY

The title to all property, real and personal, acquired by the group shall be vested in the group. In the event of termination of the group, such property shall belong to the then members of the group in equal shares. Upon partial or complete termination of the agreement, the majority vote of the remaining members of the group is binding in all respects as to the disposition of property and dissolution of the group. The board of trustees shall serve as trustees for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the group.

ARTICLE XIII. AMENDMENT

This agreement may be amended from time to time upon:

1. Recommendation of the board of trustees and approval by at least seventy-five percent (75%) of the members of the group; or
2. Petition proposed by at least twenty percent (20%) of the members of the group and approval by at least seventy-five percent (75%) of the members of the group.

Any proposed amendment shall be circulated to members of the group at least thirty (30) days prior to the date that approval is required by the board.

Date of Agreement: June 1, 1977
Approved by Attorney General: July 1, 1977
Amended February 16, 1979
Amended May 28, 1993