

STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE

IN THE MATTER OF:)
)
)
Local Government Center, Inc.;)
Local Government Center Real Estate, Inc.;)
Local Government Center Health Trust, LLC;)
Local Government Center Property-Liability Trust, LLC;)
Health Trust, Inc.;)
New Hampshire Municipal Association Property-Liability) Case No: C2011000036
Trust, Inc.;)
LGC – HT, LLC;)
Local Government Center Workers’ Compensation)
Trust, LLC;)
And the following individuals:)
Maura Carroll; Peter J. Curro; and John Andrews)
)
RESPONDENTS)
_____)

AFFIDAVIT

I, Kristina M. Mann, hereby swear and affirm as follows.

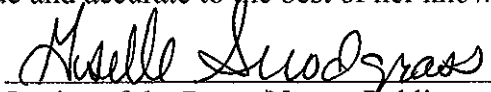
1. I am a legal assistant working with the law firm of Bernstein, Shur, Sawyer & Nelson, P.A.
2. Attached hereto as Exhibit A are true copies of Pages 1 through 5, 24 through 25, and 58 from the official transcript of the March 20, 2012 deposition of Maura Carroll produced to this office by Avicore Reporting and Videoconferencing.
3. Attached hereto as Exhibit B is a 2011 proposed amendment to R.S.A. 5-B that was produced by the LGC respondents in the normal course of discovery and is bates stamped pages LGC-AH012017 through LGC-AH012024.
4. Attached hereto as Exhibit C is the LGC Budget and Finance Committee Minutes of Nov. 10, 2004, which were entered and marked as “Exhibit 4” in the March 20, 2012 deposition of Maura Carroll.
5. Attached hereto as Exhibit D is an article from *New Hampshire Town and City*, titled “An Interview with LGC’s New Interim Executive Director: Maura Carroll”, which was entered and marked as “Exhibit 2” in the March 20, 2012 deposition of Maura Carroll.

6. Attached hereto as Exhibit E is the Employment Agreement of John Andrews, which was produced as a result of the on-site investigation of LGC and was bates stamped pages LGC on-site 017161 through LGC on-site 017169.
7. Attached hereto as Exhibit F are the Independent Auditor's Reports from the 2003 through 2010 annual audits of LGC and Subsidiaries, which were produced by the LGC respondents in the normal course of discovery and are bates stamped pages LGC-AH011133 through LGC-AH011134, LGC-AH011274 through LGC-AH011275, LGC-AH011353 through LGC-AH011354, LGC-AH003664 through LGC-AH003665, LGC-AH003695 through LGC-AH003696, LGC-AH003731 through LGC-AH003732, and LGC-AH009218 through LGC-AH009219.
8. Attached hereto as Exhibit G are the corporate formation documents for the LGC entities on file with the New Hampshire Secretary of State, and which were obtained by this office from the New Hampshire Secretary of State's website: <https://www.sos.nh.gov/corporate/soskb/csearch.asp>.
9. Attached hereto as Exhibit H is an article from *New Hampshire Town and City*, titled "The Risk Pool Advantage", which was obtained by this office from the LGC website: <http://www.nhlgc.org/publications/nhtownandcity.asp>.

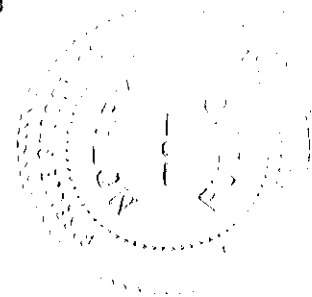
Further, the affiant sayeth not.


Kristina M. Mann

Before me this 23rd day of March, 2012, appeared the above subscribed Kristina M. Mann and made oath that the foregoing is true and accurate to the best of her knowledge and belief.


Justice of the Peace/Notary Public

Giselle Snodgrass
Notary Public
My Commission Expires
April 14, 2015



STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE

IN THE MATTER OF:)

LOCAL GOVERNMENT CENTER, INC.; GOVERNMENT)
CENTER REAL ESTATE, INC.; LOCAL GOVERNMENT)
CENTER HEALTH TRUST, LLC; LOCAL GOVERNMENT)
CENTER PROPERTY, LLC; LOCAL GOVERNMENT)
CENTER PROPERTY-LIABILITY TRUST, LLC;)
HEALTH TRUST, INC.; NEW HAMPSHIRE)
MUNICIPAL ASSOCIATION PROPERTY-LIABILITY)
TRUST, INC.; LGC-HT, LLC; LOCAL GOVERNMENT)
CENTER WORKERS' COMPENSATION TRUST, LLC;) C-2011-000036

and the following individuals: MAURA)
CARROLL; KEITH R. BURKE; STEPHEN A.)
MOLTENBREY; PAUL G. BEECHER; ROBERT A.)
BERRY; RODERICK MACDONALD; PETER J. CURRO;)
APRIL D. WHITTAKER; TIMOTHY J. RUEHR; JULIA)
A. GRIFFIN; and JOHN ANDREWS)

DEPOSITION OF MAURA CARROLL

Deposition taken by agreement of counsel
at the law office of Shaheen & Gordon, P.A.,
107 Storrs Street, Concord, New Hampshire,
on Tuesday, March 20, 2012, commencing at

1:30 p.m.

Court Reporter:

Michelle Perrier Cole

Licensed Court Reporter

NH LCR No. 78 (RSA 310-A)

1 APPEARANCES:

2 For the Secretary of State/Bureau of Securities
Regulation:

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6
7 For the Defendants, Local Government Center, Inc.,
et al:

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12 For the Defendant, Maura Carroll:
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16 For the Defendant, John Andrews:
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20 For the Defendant, Peter J. Curro:
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23 E-mail: kmyers@howardruoff.com

1 Also present:

NEW HAMPSHIRE LOCAL GOVERNMENT CENTER

2 By: David Frydman, Esq.

Sandal Keefe

3 25 Triangle Park Drive

Concord, NH 03301

4 (603) 224-7447

E-mail: dfrydman@nhlgc.org

5

6 STIPULATIONS

7 It is agreed that the deposition shall be taken in

8 the first instance in stenotype and when transcribed

9 may be used for all purposes for which depositions are

10 competent under New Hampshire practice.

11 It is further agreed that if the deposition is not

12 signed within seven (7) days after submission to

13 counsel, the signature of the deponent is waived.

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I N D E X

1
2 WITNESS: MAURA CARROLL
3

4 EXAMINATION: Page
5 By Mr. Volinsky 5
6

EXHIBITS FOR IDENTIFICATION:

7
8 Carroll Description Page
9 1 LGC-Health Trust, LLC,
10 Comparison of Net Assets
11 and Target Reserve Levels 100
12 2 "Town and City" article 126
13 3 Director of Legal Services &
14 Government Affairs, job
15 description 130
16 4 LGC Budget and Finance
17 Committee Meeting Minutes of
18 November 10, 2004, Executive
19 Session 136
20 5 PowerPoint presentation 138
21 6 Memorandum dated 4/19/07
22 from Mark S. McCue, Esq. 139
23 7 4/20/07 letter to Board of
Directors, LGC, from Mark S.
McCue, Esq. 140
8 9/6/06 letter to Mr. Andrews
from Claudia A. Oldford 140

(Original exhibits were copied and attached.)

1 MAURA CARROLL,

2 having been duly sworn,

3 was deposed and testified as follows:

4 EXAMINATION

5 BY MR. VOLINSKY:

6 Q. Would you state your name and address for the
7 record, please?

8 A. Maura Carroll. I live at 14 Grove Street in
9 Concord, New Hampshire.

10 Q. And how are you currently employed?

11 A. I am the executive director of the New Hampshire
12 Local Government Center.

13 Q. For the purposes of this deposition, unless I
14 ask you specifically otherwise, let's assume that the
15 Local Government Center refers to all of the subs and
16 sister agencies so that we're talking about the
17 enterprise.

18 A. Okay.

19 Q. And then if I want to ask you about a specific
20 subsidiary, I'll mention it by name. Is that okay
21 with you?

22 A. Yes.

23 Q. Have you been deposed before?

1 boards prior. I do not know how long.

2 Q. Mr. Enright?

3 A. He, I believe, started on the board in 2005.

4 Q. And Mr. Hickey?

5 A. I'm not sure of the date of his participation.

6 It may be around the same time as Tom Enright, I'm
7 simply not sure without looking at my records.

8 Q. That's fine. Would you tell me how, if at all,
9 your job responsibilities changed from before the
10 reorganization to after the reorganization? So, say,
11 '02 to '04?

12 A. When the reorganization occurred, and there was
13 one board as part of the umbrella organization, there
14 was also created a municipal advocacy committee in
15 order that there not be conflicts with other members
16 of the board. It was a separate board governing NHMA,
17 and it was my responsibility to staff that committee.
18 I also became a member of the leadership team, which
19 met about organizational issues. My role,
20 essentially, was to deal with issues that covered, for
21 example, staff in the organization. We talked about
22 personnel policies and the like, things that affected
23 the internal operation. I was not directly involved

1 in decisions about the pools.

2 Q. Any other ways it changed?

3 A. I don't believe so.

4 Q. As a member of the leadership team as you just
5 described, you were giving advice to the
6 then-executive director; were you not?

7 A. Yes.

8 Q. And were there any topics on which the
9 leadership team was prohibited or prevented from
10 giving advice to the executive director?

11 A. Well, we certainly didn't give legal advice to
12 the executive director.

13 Q. Okay. Let me just ask you, unless it's easier
14 to go through a list, because I want to ask you about
15 that.

16 A. Okay.

17 Q. When you say certainly didn't, is there some
18 document or rule or policy that put in writing, don't
19 give advice?

20 A. Well, I was the only attorney on the leadership
21 team, and my job description indicated that my role
22 was to provide advice to member municipalities, not to
23 the organization. So I do not provide legal advice to

1 wrong, the reorganization wasn't specifically required
2 to do risk mitigation, it was something that they
3 concluded could be done in the best way with
4 reorganization?

5 A. In the best way, with reorganization, with an
6 eye toward all coverages.

7 Q. Do you know what I mean when I say the parent
8 subsidy model of corporate organization?

9 A. I do.

10 Q. Has your board been instructed or taught in your
11 presence that in a parent subsidy model, the parent
12 does not owe a fiduciary duty to the subsidy --
13 subsidiary, sorry, it's only the other way around?

14 A. Yes.

15 Q. And are they still taught that?

16 A. Yes.

17 Q. Does Mr. Andrews still have a relationship of
18 some type with LGC?

19 A. What do you mean by --

20 Q. Is he an employee, consultant, independent
21 contractor?

22 A. We have access to him as a consultant. We do
23 not use him as a consultant.

Section 1:

Findings: The General Court finds that pooled risk management programs provide political subdivisions an alternative to traditional insurance products, result in significant cost savings to local governments and facilitate the implementation of risk coverage products designed to meet the unique needs of local government. The General Court further finds that the representatives of local government who participate in these pooled risk management programs and comprise the governing boards of these programs, using their prudent business judgment, are best suited to make the critical operational decisions regarding necessary levels of reserves and mechanisms for returning surplus. The General Court finds that limited oversight of pooled risk management programs is necessary to ensure transparency in operation, compliance with the board adopted policies and that program surplus does not fall below comparable insurance industry standards.

Section 2:

Amend RSA 5-B: to read as follows:

5-B:1 Purpose. – I. The purpose of this chapter is to provide for the establishment of pooled risk management programs and to affirm the status of such programs established for the benefit of political subdivisions of the state. The legislature finds and determines that insurance and risk management is essential to the proper functioning of political subdivisions; that risk management can be achieved through purchase of traditional insurance or by participation in pooled risk management programs established for the benefit of political subdivisions; that pooled risk management is an essential governmental function by providing focused public sector loss prevention programs, accrual of interest and dividend earnings which may be returned to the public benefit, ~~and~~ establishment of costs predicated solely on the actual experience of political subdivisions within the state **while enhancing stability of those costs over time**; that the resources of political subdivisions are presently burdened by the securing of insurance protection through standard carriers; and that pooled risk management programs which meet the standards established by this chapter should not be subject to insurance regulation and taxation by the state **and shall be subject to only limited oversight by the Department of State as provided for in this chapter.**

Section 5-B:2

5-B:2 Definitions. – In this chapter:

I. "Department" means the department of state.

II. "Informational filing" means an annual filing with the department made ~~solely~~ for the purpose of providing public access to certain information concerning the nature and organization of pooled risk management programs. Such informational filing shall be limited to the following:

- (a) The name and legal address of each pooled risk management program;
- (b) A list of current officers, their titles and addresses;
- (c) A brief description of the coverage provided;
- (d) The annual audit required under RSA 5-B:5, I(d);
- (e) A written plan of operation or bylaws; and
- (f) The annual actuarial evaluation required under RSA 5-B:5, I(f).
- (g) A policy adopted by the board of the risk pool management program regarding the level of reserves needed and a description of the principles utilized by the board to set that policy.**
- (h) A policy adopted by the board related to the timing and method of returning any surplus to the pool members and a description of the principles utilized by the board to set that policy.**
- (i) The amount of reserves on hand at the end of the fiscal year.**
- (j) The amount of any surplus returned to members and the form in which it was returned.**

III. "Political subdivision" means any city, town, county, school district, chartered public school, village district, school administrative unit, or any district or entity created for a special purpose administered or funded by any of the above-named governmental units.

IV. "Risk management" means **the provision of coverage as provided for in RSA 5-B:3 III including** defense of claims and indemnification for losses arising out of the ownership, maintenance, and operation of real or personal property and the acts or omissions of officials, employees, and agents; the provision of loss prevention services including, but not limited to, **disease management, medical management, legal risk management, wellness programs and incentives, educational programs,** inspections of property and the training of personnel; and the investigation, evaluation, and settlement of claims by and against political subdivisions.

Section 5-B:3

5-B:3 Pooled Risk Management Authorized and Affirmed; Membership. –

I. A political subdivision, by resolution of its governing body or **action of its authorized representative,** may establish and enter into agreements for obtaining or implementing insurance by self-insurance; for obtaining insurance from any insurer authorized to transact business in this state as an admitted or surplus lines carrier; or for obtaining insurance secured in accordance with any method provided by law; or for obtaining insurance by any combination of the provisions of this paragraph. Agreements made pursuant to this paragraph may provide for pooling of self-insurance reserves, risks, claims and losses, and of administrative services and expenses associated with them among political subdivisions. To accomplish the purposes of this chapter, 2 or more political subdivisions may form an association under the laws of this state or affirm an existing association so formed to develop and administer a risk management program having ~~as~~ **among its purposes providing access to healthcare, improving the health and wellness of its members and employees, reducing the risk of its members; safety**

engineering; distributing, sharing, and pooling risks; acquiring insurance, excess loss insurance, or reinsurance; and processing, paying and defending claims against the members of such association.

II. RSA 53-A shall not apply to an association formed or affirmed under this chapter, nor to the participation in such an association by a political subdivision.

III. A Pooled risk management programs established for the benefit of political subdivisions may provide any or all of the following coverages:

(a) Casualty, including general and professional liability; errors and omissions; workers' compensation and employer's liability; medical payments; or unemployment compensation as authorized under federal law.

(b) Property, including marine and inland navigation; transportation; boiler and machinery; fire; theft; or natural hazards.

(c) Vehicle, including any liability or loss arising from the ownership or operation of vehicles.

(d) Surety and fidelity.

(e) Environmental impairment.

(f) Hospital, medical, surgical or dental benefits for employees and their dependents.

(g) Life, income maintenance, accidental death and dismemberment, vision loss or impairment, or legal benefits for employees and their dependents.

IV. Pooled risk management programs established pursuant to this chapter may provide risk management or related administrative services to or on behalf of the State of New Hampshire, any body politic established by state law, and any agency or instrumentality of the state.

Section 5-B:4

5-B:4 Informational Filing Required; Fee. – Pooled risk management programs established for the benefit of political subdivisions shall make an informational filing, as defined in RSA 5-B:2, II, with the department **within six months of the close of its fiscal year** and shall pay an annual filing fee of \$150. The department may make requests for additional information necessary to exercise ~~regulatory or enforcement oversight~~ authority pursuant to ~~this chapter, but not limited to, the hearings procedures under RSA 421-B:26-a~~ over any pooled risk management program formed or affirmed in accordance with this chapter. Pooled workers' compensation and unemployment compensation programs which are regulated by and which report to the department of labor and the department of employment security, under RSA 281-A and RSA 282-A, respectively, shall be exempt from the requirements of this section as long as their operations and reports conform to the laws and rules adopted by those departments.

Section 5-B:4-a

5-B:4-a Authority of the Secretary of State.

(I) The Department shall annually review the filings required pursuant to RSA 5-B:4 as defined in RSA 5-B:2 II, and determine whether the pooled risk management programs have met the following requirements:

- (a)** The pooled risk management program's total adjusted capital is no less than the company action level that would apply to a comparable insurer pursuant to RSA 404-F.
- (b)** The levels of reserves retained are consistent with the policies adopted by the board, as provided to the department pursuant to RSA 5-B:4.
- (c)** The amount and method of surplus returned are consistent with the policies adopted by the board, as provided to the department pursuant to RSA 5-B:4.

(II) The Department may conduct investigations in order to determine compliance with this chapter.

(III) If the Department believes that a pooled risk management program has failed to comply with the requirements of this chapter, including the requirements specified in RSA 5-B:4-a (I), after a hearing, the Secretary of State may issue an order requiring corrective action. Any orders so issued may be appealed pursuant to RSA 541.

(IV) The Department shall adopt rules pursuant to RSA 541-A relative to:

- (a)** The process for making the determinations required pursuant to RSA 5-B:4-a (I).
- (b)** The process for the handling of complaints related to this chapter.
- (c)** The process of investigations conducted pursuant to RSA 5-B:4-a (II).
- (d)** The hearings process conducted pursuant to RSA 5-B:4-a (III).
- (e)** Corrective actions that may be ordered pursuant to RSA 5-B:4-a (III).
- (f)** Any substantive standard or statutory interpretation it will apply in determining compliance with this chapter.

~~— 5-B:4 a Authority of the Secretary of State, Investigations, Cease and Desist Orders, Penalties. —~~

~~— I. Notwithstanding any other provision of law, the secretary of state shall have exclusive authority and jurisdiction:~~

~~— (a) To bring administrative actions to enforce this chapter.~~

~~— (b) To investigate and impose penalties for violations of this chapter, including but not limited to:~~

~~— (1) Fines.~~

~~— (2) Rescission, restitution, or disgorgement.~~

~~— II. The secretary of state shall have all powers specifically granted or reasonably implied in order to perform the substantive responsibilities imposed by this chapter.~~

~~— III. For the purpose of any investigation, hearing, or proceeding under this chapter, the secretary of state or any officer designated by him or her may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence and require the production of any books, papers, correspondence, memoranda, agreements, or other documents or records which the secretary of state deems relevant or material to the inquiry.~~

~~— IV. In the event that a person refuses to obey a subpoena issued to him or her or any order or determination the secretary of state is authorized to make, the superior court, upon application by the attorney general or secretary of state or any officer designated by the secretary of state, may issue to the person an order directing him or her to appear before the attorney general or secretary of state, or the officer designated by him or her, to produce documentary evidence if so ordered or to give evidence relative to the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as contempt of court.~~

~~— V. In any investigation to determine whether any person has violated or is about to violate this chapter or any rule or order under this chapter, upon the secretary of state's prevailing at hearing, or the person charged with the violation being found in default, or pursuant to a consent order issued by the secretary of state, the secretary of state shall be entitled to recover the costs of the investigation, and any related proceedings, including reasonable attorney's fees, in addition to any other penalty provided for under this chapter.~~

~~— VI. Whenever it appears to the secretary of state that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule or order under this chapter the secretary of state shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of this chapter. The order shall be calculated to give reasonable notice of the rights of the person to request a hearing on the order and shall state the reasons for the entry of the order. All hearings shall be conducted in accordance with RSA 421-B:26-a.~~

~~— VII. The following fines and penalties may be imposed on any person who has violated this chapter:~~

~~— (a) Any person who, either knowingly or negligently, violates any provision of this chapter or any rule or order thereunder, may, upon hearing, and in addition to any other penalty provided for by law, be subject to an administrative fine not to exceed \$2,500. Each of the acts specified shall constitute a separate violation.~~

~~— (b) After notice and hearing, the secretary of state may enter an order of rescission,~~

~~restitution, or disgorgement directed to a person who has violated this chapter, or rule or order under this chapter. Rescission, restitution, or disgorgement shall be in addition to any other penalty provided for under this chapter.~~

~~VIII. Decisions of the secretary of state may be appealed to the supreme court pursuant to RSA 541.~~

Section 5-B:5

5-B:5 Standards of Organization and Operation. –

I. **Associations operating** Each pooled risk management programs shall meet the following standards of organization and operation. Each **association program** shall:

(a) Exist as a legal entity organized under New Hampshire law
(b) Be governed by a board the majority of which is composed of elected or appointed public officials, officers, or employees. **For a single-member LLC, a board of the member corporation may serve this role.** Board members shall not receive compensation but may be reimbursed for mileage and other reasonable expenses.

(c) Return all earnings and surplus in excess of any amounts required for administration, claims, reserves, and purchase of excess insurance to the participating political subdivisions **consistent with the policies submitted pursuant to RSA 5-B:2(II)(i) and RSA 5-B:4.**

(d) Provide for an annual audit of financial transactions by an independent certified public accountant. The audit shall be filed with the department and distributed to participants of each pooled risk management program.

(e) Be governed by written bylaws **or operating agreement** which, **or together with a plan of operation which**, shall detail the terms of eligibility for participation by political subdivisions **which may include required membership in a related association of political subdivisions**, the governance of the program and other matters necessary to the program's operation. **For a single-member LLC, the governing documents of a parent corporation which contain these terms may fulfill this requirement.** Bylaws, **operating agreements, plans of operation** and any subsequent amendments shall be filed with the department.

(f) Provide for an annual actuarial evaluation of **each the** pooled risk management program. The evaluation shall assess the adequacy of contributions required to fund any such program and the reserves necessary to be maintained to meet expenses of all incurred and incurred but not reported claims and other projected needs of the plan. The annual actuarial evaluation shall be performed by a member of the American Academy of Actuaries qualified in the coverage area being evaluated, shall be filed with the department, and shall be distributed to participants of each pooled risk management program.

(g) Provide notice to all participants of and conduct 2 public hearings for the purpose of advising of potential rate increases, the reasons for projected rate increases, and to solicit comments from members regarding the return of surplus, at least 10 days prior to rate setting for each calendar year.

II. If a pooled risk management program fails to provide for an annual audit or an

annual actuarial evaluation, the department shall perform or cause to be performed the required audit or evaluation and shall be reimbursed the cost by the program.

Section 5-B:6

5-B:6 Declaration of Status; Tax Exemption; Liability. –

I. Any pooled risk management program meeting the standards required under this chapter is not an insurance company, reciprocal insurer, or insurer under the laws of this state, and administration of any activities of the plan shall not constitute doing an insurance business for purposes of regulation or taxation.

II. Any such program operating under this chapter, whether or not a body corporate, may sue or be sued; make contracts; hold and dispose of real property; and borrow money, contract debts, and pledge assets in its name.

III. Participation by a political subdivision in a pooled risk management program formed and affirmed under this chapter shall not subject any such political subdivision to any liability to any third party for the acts or omissions of the pooled risk management program or any other political subdivision participating in the program.

Section 5-B:7

5-B:7 Confidentiality of Certain Claims Information. – Notwithstanding any provision of law to the contrary, any information of any pooled risk management program formed or affirmed under this chapter pertaining to claims analysis or claims management shall be privileged and confidential and not subject to disclosure to any third party.

Section 3:

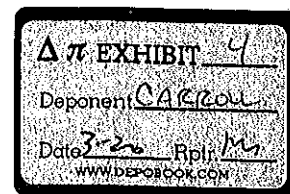
Ratification of Local Government Center HealthTrust, LLC and Local Government Center Property-Liability Trust LLC as New Hampshire Entities under RSA 5-B. The 2003 conversion of HealthTrust, Inc, from a non-profit New Hampshire corporation, into Local Government Center HealthTrust, LLC, a New Hampshire non-profit LLC, and the conversion of NHMA Property-Liability Trust, Inc. from a non-profit New Hampshire Corporation, into Local Government Center Property-Liability Trust LLC, a New Hampshire non-profit LLC, and notwithstanding the use of any transitional Delaware limited liability companies to effectuate these conversions, are hereby deemed to be valid conversions under New Hampshire law and the resulting entities are deemed to have continuously complied with and continue to comply with the requirement of RSA 5-B:5 I (a) that these programs “exist as a legal entity organized under New Hampshire law.”

Section 4:

Effective Date:

This act shall take effect upon Passage.

LOCAL GOVERNMENT CENTER
BUDGET AND FINANCE COMMITTEE MEETING
Minutes of November 10, 2004



EXECUTIVE SESSION

BUDGET & FINANCE COMMITTEE PRESENT: Julia N. Griffin, Chair, Town Manager, Town of Hanover; Keith R. Burke, Vice Chair, Superintendent, SAU #1, Peterborough; John P. Bohenko, City Manager, Portsmouth (via telephone); Laurent J. Biron, Business Manager, SAU #38, Monadnock; Peter J. Curro, Business Administrator, Londonderry School District; Harry Hobbs, Teacher, Exeter; Thomas Enright, School Board Member, Hollis-Brookline Cooperative School District

STAFF PRESENT: John B. Andrews, Executive Director; Sandal R. Keeffe, Deputy Director and Chief Financial Officer; Wendy Lee Parker, Assistant Executive Director for Risk Services; Jon Steiner, Associate Executive Director for Member Relations; Thomas H. Philbin, Accounting Manager; Richard C. Dwyer, Operations Manager; Eleanor Baron, Director of Communications and Member Services; Maura Carroll, Legal Counsel; Phillip N. Stewart, Jr., Director of Claims; Judith L. Yeaton, Underwriter; Carolyn Hoeker, Executive Assistant

CONSULTANTS PRESENT: Robert J. Lloyd, Esquire, Legal Counsel

Larry Biron's motion to enter into Executive Session with sealed minutes at 12:05 p.m., seconded by Keith Burke, passed unanimously.

Bob Lloyd advised, "Currently, the Attorney General in New York State is doing an investigation of Marsh. They are the brokers for your reinsurance. Arthur J. Gallagher & Co. is the broker for your Workers' Compensation insurance. We met with both sets of brokers separately and discussed the issues. We asked for information on past practices and any of those for competitive quotations. We will gather all proposals from the last six or seven years that may have influenced with contingency fee sales agreements."

Bob Lloyd noted, "Brokers enter agreements with carriers to bring a certain amount of business. Sometimes they are open (agreements) and sometimes that is not the case."

Bob Lloyd continued with, "Preliminarily, Marsh told us that all their quotations have been attained locally and not put through the national brokerage arena of Marsh. So, they will say there was competition."

Bob Lloyd stated, "A. J. Gallagher said there was no corresponding influence. Most of your business was directly from brokers and not through a subsidiary. The people in the Property-Liability Trust were not aware of any fee arrangements. That is not true in total with the property quotations. Some went through the A. J. Gallagher agent and were made with an A. J. Gallagher company. They would say we had a choice to go where we wanted. A lot more discussion went into the quotes."

Bob Lloyd continued with, "We will continue to look at the information from Marsh and Gallagher, and look back to see if there were any inappropriate influences or the perception of that."

John Andrews offered, "We will pursue this until we are satisfied. The trade journals say that with employee benefits, it has not been the practice. Marsh does a lot in the casualty area. That is where the problem is. A. J. Gallagher says that sometimes they engage with brokers. A. J. Gallagher is the one we would be most concerned with."

Bob Lloyd stated, "The other issue with Marsh, and we told them that, is they placed our business representing the interests of us, the client. If that trust is lost, they may go out of business."

John Andrews advised, "If Marsh disappears, there is another broker."

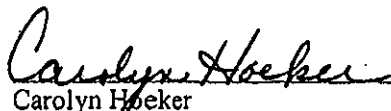
Bob Lloyd commented, "The question is, 'Can you have Marsh on your team?'"

Julia Griffin asked, "Will we see some of this with A. J. Gallagher?" John Andrews responded, "This scandal involves the large spectrum of insurance brokerage."

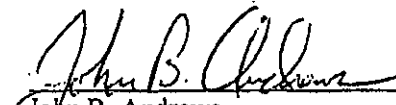
Bob Lloyd stated, "If they got incorrect bids. It was a criminal act."

Peter Curro's motion to exit Executive Session at 12:15 p.m., seconded by Larry Biron, passed unanimously.

Respectfully submitted,


Carolyn Hoeker

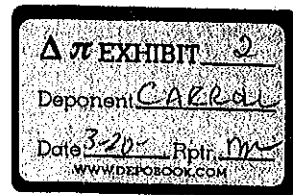
Executive Assistant


John B. Andrews

Executive Director

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New Hampshire Town and City Article Index



An Interview with LGC's New Interim Executive Director: Maura Carroll *New Hampshire Town and City, September 2009*

Editor's Note: Earlier this summer, New Hampshire Local Government Center's (LGC) Board of Directors announced the appointment of Maura Carroll as LGC's interim executive director following the retirement of John B. Andrews, LGC's founder and executive director since 1975, on September 4. Carroll, a Concord resident, has served as LGC's general counsel since 2000. As LGC's new interim executive director, Carroll is charged with guiding the organization through a comprehensive review of its strategic plan during the next 18 months.

T&C: What made you decide to toss your hat into the ring for consideration during LGC's search conducted earlier this year for an executive director to replace John Andrews following his retirement this month?

Maura: Having worked for the organization for many years, I thought I had something to offer: skills, history, experience that might be beneficial to the organization—and its future—and a responsibility to offer it. I have a passion for local government and deep respect for those who serve it. It is a watershed moment for our organization and a chance to set a direction for the future. In the coming months, we'll be reviewing all of our programs, benefits and services with an eye toward continuing the long-held reputation we have for excellence and meeting the needs of our members. I'm honored to be given this opportunity to work with the Board and our staff and am anxious to begin these new challenges.

T&C: Since it was announced by LGC's Board of Directors Chair Dave Caron in June that the position would be an interim one for up to 18 months while the board conducts a comprehensive review of its strategic plan, how have your daily duties changed as LGC's general counsel—a position you've held with the organization for nearly nine years?

Maura: My daily duties have continued to focus on our Legal Department operations. But I've also been working to educate myself about areas of the organization where I have not had day-to-day interaction. New Hampshire Local Government Center provides a myriad of programs and services to members, and I want to be sure that I am familiar with—and have a good working knowledge of—all of them. We have an experienced staff that is assisting me in compiling information and answering the many questions that I pose to them. As I work through this transition period, I'm relying on our very capable legal staff to assume additional responsibilities. And I'm delighted that Judy Silva, a long-term veteran of the New Hampshire Municipal Association and New Hampshire Local Government Center, is stepping into the role of Acting Director of Legal Services and Government Affairs while Cordell Johnston takes over Judy's duties by assuming an Acting Government Affairs Counsel role in the department. So I'm confident about leaving the department in excellent hands.

T&C: You joined the New Hampshire Municipal Association 21 years ago as a staff attorney and are a former New Hampshire legislator and Concord city councilor. How has that experience prepared you for your new role at LGC?

Maura: My role as staff attorney greatly assisted me in learning about local government. Researching the answers to legal inquiries helped me to become more familiar with the challenges facing local officials, the parameters within which local governments need to operate and the items needing to be changed in order to

provide greater flexibility at the local level. My time on the city council also helped me to understand the process and nature of decisions that are made locally—the practical things local officials face: adopting a budget, considering land use issues, dealing with the media and attempting a frank dialogue between school and municipal officials. Lobbying has given me an opportunity to advocate on behalf of local government, to help negotiate creative solutions and to suggest innovative ways to solve problems. All of these experiences have helped me to see the “big picture” of local government, to appreciate how important it is to be open to change and to be flexible enough to recognize needs as they arise, to listen to and meet with people regularly. I'm grateful to the local officials who have willingly shared their concerns and experiences in government over the years and have learned so much from them. I expect that learning process to continue in the months and years ahead.

T&C: What are the major challenges that you foresee LGC's members facing in the year ahead, and what support can LGC effectively provide for dealing with those challenges?

Maura: We see local officials struggling greatly with smaller budgets and greater demands for service. While that is seemingly an on-going struggle for government agencies, there is increasing pressure to do more with less when there is an economic downturn. And that is precisely when constituents expect more to be done and more efficiencies to be enacted.

T&C: What keeps you motivated to perform public-sector work?

Maura: The commitment of our member officials to the tasks they perform keeps me motivated. Whether it's as an employee of a city, town, school district, or county—or an elected official in each of those entities—the jobs they do are important. They serve their constituencies, and our job is to help them accomplish their tasks. What job could be better than that? It's a privilege to serve those who are dedicated to making their communities, schools and counties even better than they already are.

COPY EMPLOYMENT AGREEMENT

~~ORIGINAL~~

This Agreement is between the Local Government Center (the "LGC"), with its principal place of business at 25 Triangle Park Drive, Concord, New Hampshire, 03301, and John B. Andrews (the "Employee") of 122 South Street, Concord, New Hampshire, 03301.

The LGC is in the business of assisting New Hampshire local government units in the performance of their governmental functions. The Employee has been employed as Executive Director, Fund Administrator, Secretary and Treasurer of the component organizations that now comprise the LGC since 1974 and has developed special knowledge and skill in managing the business of the LGC. The LGC wishes to insure the continuation of the Employee's services to the LGC on the terms set forth in this Agreement and to insure that the Employee does not undertake any post-retirement work activities that are adverse to the LGC or any of its members.

Accordingly, the parties agree as follows:

1. **Employment & Term.** The LGC will employ the Employee, and the Employee will serve the LGC as Executive Director performing the duties set forth in Section 2, below. The Employee's employment and this Agreement shall be in effect from June 1, 2003 until June 30, 2008 unless terminated as provided in Section 3 below.
2. **Duties.**
 - 2.1 **Executive Director.** As Executive Director of the LGC, the Employee shall (i) conduct the daily affairs of the LGC, including all of its current and future component divisions and services, under the direction and supervision of the LGC Board of Directors, (ii) act as Treasurer of the LGC and be responsible for the disbursement of LGC funds, (iii) act as Secretary of the LGC, and (iv) render an annual account of the activities of the LGC to the President, the Board of Directors, and the membership and otherwise as may be required by the Board. Conduct of the daily affairs shall include, without limitation, recommending to and carrying out policies and programs established by the Board of Directors; recruitment, retention, evaluation, discipline and discharge of all necessary staff; managing the physical facility and offices of the LGC; locating and recommending various contractors; supervising and reporting on contractors' performance; providing financial and accounting reports; and, maintaining excess re-insurance or other insurance.
 - 2.2 **Full-time Duties.** While he is so employed, the Employee shall devote his entire business time, energies, and attention to his work for the LGC and will not undertake any commitments which might impair the performance of his duties as Executive Director of the LGC. Nothing in this section shall prohibit the Employee from undertaking compensated teaching, authorship, consulting or service on boards or commissions so long as do not impair performance of his duties to the LGC and do not breach his general duty of loyalty and fidelity to the LGC and its members.
3. **Termination; Severance.** This Agreement shall continue in full force in effect until terminated as provided in this Section 3.
 - 3.1 **Termination by the Employee.** The Employee may terminate this Agreement and his employment without advance notice (a) upon a breach by the LGC of this Agreement or (b) by the Employee due to a change of control of the LGC by dissolution, merger or loss of a substantial portion of its membership or services to a similar entity. The Employee may terminate this Agreement for any other reason or no reason by providing at least ninety (90) day's prior written notice to the LGC Board of Directors of the termination date.

3.2 Termination by the Local Government Center. The LGC may terminate this Agreement and the Employee's employment for cause (as defined below) without advance notice. The LGC may terminate this Agreement and the Employee's employment at any time with or without cause by providing at least ninety (90) day's prior written notice to the Employee of the termination date. "Cause" means gross incompetence or gross neglect of duties hereunder by the Employee, or commission by the Employee of a material act of dishonesty or moral turpitude in connection with his employment.

3.3 Termination on Death or Permanent Disability. The Agreement shall terminate upon the death of the Employee. If the Employee becomes permanently disabled (as defined below), the LGC or the Employee may, but shall not be obligated to, terminate this Agreement and the Employee's employment with or without advance notice. "Permanently disabled" means that the Employee suffers from a physical or mental impairment which has rendered him or, in the opinion of two (2) physicians licensed to practice medicine in New Hampshire selected by the LGC, will more likely than not render him in the future, unable to substantially perform his services under this Agreement on a full-time basis for a period of at least twelve (12) consecutive months or for at least eighteen (18) months during any twenty-four (24) month period. The Employee will submit to physical examination by such physicians at the request of the LGC and at the expense of the LGC and will authorize such physicians to render their opinions to the LGC President. If the Employee fails to comply with the foregoing, he may, at the discretion of the LGC Board of Directors, be deemed permanently disabled.

3.4 Severance Pay. If the Employee's employment is terminated (A) by the LGC for any reason other than (i) cause (as defined in subsection 3.2 above), (ii) death, or (iii) permanent disability (as defined in subsection 3.3. above); (B) by the Employee under subsection 3.0 above, due to breach of this Agreement by the LGC; or, (C) by the Employee due to a change of control of the LGC by dissolution, merger or loss of a substantial portion of its membership or services to a similar entity then the Employee is entitled to severance compensation equal to the remainder of the value of this contract for it's pre-and post-retirement term.

4. Compensation.

✓ **4.1 Immediate Compensation Adjustment.** In recognition that the Employee's compensation has not been adjusted or three (3) years for his services, the Employee shall be entitled to the greater of an immediate salary adjustment of a minimum four percent (4%) of his current salary or such percentage as to create a ten percent (10%) difference between his salary and the salary of the Deputy Director, retroactive to January 1, 2002, and payable in a lump sum to June 30, 2003, and included thereafter in his paycheck in accordance with the LGC's general policy and Federal and State laws in effect from time-to-time.

4.2 Future Compensation Adjustments. On or before December 1, 2003, and on or before December 1 of each calendar year thereafter, the Officers of the LGC shall perform a written evaluation of the Employee and shall negotiate in good faith with the Employee to determine the Employee's salary for the immediately following calendar year. If an evaluation is not completed or if the Employee and the Officers of the LGC are unable to agree upon such salary, the salary then in effect shall be increased by two and one-half percent (2.5%) or by such percentage as to create a ten percent (10%) difference between his salary and the salary of the Deputy Director as of the following January 1st. Nothing herein shall preclude the conduct of an evaluation after December 1 of each year or the adjustment of the Employee's salary at any time or in any amount exceeding two and one-half percent (2.5%).

Expenses. The Employee shall be reimbursed for reasonable expenses incurred in the promotion of the LGC'S business, in accordance with the normal policy of the LGC in effect from time-to-time. The LGC

shall reimburse the Employee for all such expenses upon the presentation by the Employee of an itemized account of such expenditures.

Benefits. The Employee shall be entitled to other benefits, if any, that may be generally in effect from time-to-time for all employees, in accordance with the LGC's policy, except as set forth in this section.

6.1 Retirement Contribution. The LGC shall pay the maximum annual base amount allowed by the Internal Revenue Code to the Employee's §457 deferred compensation plan with the International City Management Association-Retirement Corporation. This payment may be accomplished through the current payroll practice and shall take effect as of January 1, 2003. This does not include any "catch-up" amounts from either the "over 50" provisions or the "3 years prior to retirement" provisions of the Code and shall not prohibit the Employee from benefiting from any additional pension or deferred compensation plan adopted by the Board of Directors for all LGC employees in the future.

6.2 Leave Accrual. Beginning as of July 1, 2003, the Employee shall accrue leave, to be used for any purpose, at the rate of two and one-half (2.5) days per month of leave with a maximum accrual of one hundred (100) days. Upon termination of employment for any reason, seventy-five percent (75%) of the Employee's total accrued leave shall be payable to the Employee or his estate. In the coordination of short and/or long term disability payments with accrued leave for purposes of salary continuation, the entire balance of the Employee's accrued leave shall be considered as "sick" leave.

7. Post-Retirement Employment Restriction; Retainer; Optional Alternative Payment.

7.1 Employment Restriction. The Employee agrees that for five (5) years after his cessation of full-time employment with the LGC that he will not undertake any of the following work activities adverse to the LGC or any of its members:

- a. Legal Representation.
- b. Legislative Representation.
- c. Advocacy.
- d. Marketing.
- e. Endorsement.
- f. Consulting.
- g. Authorship.
- h. Insurance Services.
- i. Teaching.

7.2 Retainer. In consideration of the numerous known and unknown post-retirement employment opportunities listed in Section 7.1 and others, the LGC agrees to pay the Employee, in the month of January of each year, an annual retainer of twenty thousand dollars (\$20,000). Said retainer shall be for up to two hundred (200) hours of advisory or consulting services to the LGC management and/or governing board on strategic and/or operational matters.

7.3 Optional Alternative Payment. The LGC may, at its option, elect to make a lump sum termination payment to the Employee of the sum of one hundred thousand dollars (\$100,000), which shall be grossed up to account for Federal taxes, by January 1, 2008, which payment shall be in lieu of the retainer outlined in §7.2, above. Such payment shall obligate the Employee to the terms of §7.1, above, which restricts his post-retirement work activities.

7. **Miscellaneous.** This Agreement shall be binding on, and inure to the benefit of, the LGC, its successors and assigns, and the Employee, his successors, personal representatives, and heirs and shall not be assignable by the Employee.

9. **Notice.** Any notice given hereunder shall be deemed to have been given when delivered in person or, if mailed, when actually received by the party to whom it is addressed. Such actual receipt shall be presumed if such notice is mailed by registered or certified mail, addressed to the party at the address set forth above, or at any other address given in writing to the other party as set forth above.

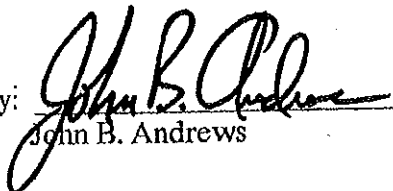
10. **Severability.** In case any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and any court of competent jurisdiction is authorized to reduce the scope of any covenant that would otherwise be unenforceable so as to render that covenant enforceable.


11. **Entire Agreement.** This Agreement sets forth the entire agreement among the parties concerning the subject matter hereof, supersedes all other prior agreement or understandings covering the subject matter hereof, and may not be amended except by a writing signed by both parties.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of execution.

EMPLOYEE

LOCAL GOVERNMENT CENTER, Inc.

By: 
 John B. Andrews

By: 
 Title: Paul G. Beecher
 President

6-11-03
 DATE

6-11-03
 DATE

EMPLOYMENT AGREEMENT

CONFIDENTIAL

This Agreement is between the Local Government Center (the "LGC"), with its principal place of business at 25 Triangle Park Drive, Concord, New Hampshire, 03301, and John B. Andrews (the "Employee") 122 South Street, Concord, New Hampshire, 03301.

The LGC is in the business of assisting New Hampshire local government units in the performance of their governmental functions. The Employee has been employed as Executive Director, Fund Administrator, Secretary and Treasurer of the component organizations that now comprise the LGC since 1974 and has developed special knowledge and skill in managing the business of the LGC. The LGC wishes to insure the continuation of the Employee's services to the LGC on the terms set forth in this Agreement and to insure that the Employee does not undertake any post-retirement work activities that are adverse to the LGC or any of its members.

Accordingly, the parties agree as follows:

1. **Employment & Term.** The LGC will employ the Employee, and the Employee will serve the LGC as Executive Director performing the duties set forth in Section 2, below. The Employee's employment and this Agreement shall be in effect from the date of execution until December 31, 2009 unless terminated as provided in Section 3 below.

2. Duties.

2.1 **Executive Director.** As Executive Director of the LGC, the Employee shall (i) conduct the daily affairs of the LGC, including all of its current and future component divisions and services, under the direction and supervision of the LGC Board of Directors, (ii) act as Treasurer of the LGC and be responsible for the disbursement of LGC funds, (iii) act as Secretary of the LGC, and (iv) render an annual account of the activities of the LGC to the President, the Board of Directors, and the membership and otherwise as may be required by the Board. Conduct of the daily affairs shall include, without limitation, recommending to and carrying out policies and programs established by the Board of Directors; recruitment, retention, evaluation, discipline and discharge of all necessary staff; managing the physical facility and offices of the LGC; locating and recommending various contractors; supervising and reporting on contractors' performance; providing financial and accounting reports; and maintaining excess re-insurance or other insurance.

2.2 **Full-time Duties.** While he is so employed, the Employee shall devote his entire business time, energies, and attention to his work for the LGC and will not undertake any commitments which might impair the performance of his duties as Executive Director of the LGC. Nothing in this section shall prohibit the Employee from undertaking compensated teaching, authorship, consulting or service on boards or commissions so long as do not impair performance of his duties to the LGC and do not breach his general duty of loyalty and fidelity to the LGC and its members.

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3.1 **Termination by the Employee.** The Employee may terminate this Agreement and his employment without advance notice (a) upon a breach by the LGC of this Agreement or (b) by the Employee due to a change of control of the LGC by dissolution, merger or loss of a substantial portion of its membership or services to a similar entity. The Employee may terminate this Agreement for any other reason or no reason by providing at least ninety (90) day's prior written notice to the LGC Board of Directors of the termination date.

3.2 Termination of the Local Government Center. The LGC may terminate this Agreement and the Employee's employment for cause (as defined below) without advance notice. The LGC may terminate this Agreement and the Employee's employment at any time with or without cause by providing at least ninety (90) day's prior written notice to the Employee of the termination date. "Cause" means gross incompetence or gross neglect of duties hereunder by the Employee, or commission by the Employee of a material act of dishonesty or moral turpitude in connection with his employment.

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5. Expenses. The Employee shall be reimbursed for reasonable expenses incurred in the promotion of the LGC'S business, in accordance with the normal policy of the LGC in effect from time-to-time. The LGC shall reimburse the Employee for all such expenses upon the presentation by the Employee of an itemized account of such expenditures.

6. Benefits. The Employee shall be entitled to other benefits, if any, that may be generally in effect from time-to-time for all employees, in accordance with the LGC's policy, except as set forth in this section.

6.1 Retirement Contribution. The LGC shall pay the maximum annual base amount allowed by the Internal Revenue Code to the Employee's §457 deferred compensation plan with the International City Management Association-Retirement Corporation. This payment may be accomplished through the current payroll practice and shall take effect as of January 1, 2003. This does

not include any "catch-up" amounts from either the "over 50" provisions or the "3 years prior to retirement" provisions of the Code and shall not prohibit the Employee from benefiting from any additional pension or deferred compensation plan adopted by the Board of Directors for all LGC employees in the future.

6.2 **Leave Accrual.** The Employee shall accrue leave, to be used for any purpose, at the rate of two and one-half (2.5) days per month of leave with a maximum accrual of one hundred (100) days. Upon termination of employment for any reason, seventy-five percent (75%) of the Employee's total accrued leave shall be payable to the Employee or his estate. In the coordination of short and/or long-term disability payments with accrued leave for purposes of salary continuation, the entire balance of the Employee's accrued leave shall be considered as "sick" leave.

7. Post-Retirement Employment Restriction; Retainer; Optional Alternative Payment.

7.1 **Employment Restriction.** The Employee agrees that for five (5) years after his cessation of full-time employment with the LGC that he will not undertake any of the following work activities adverse to the LGC or any of its members:

- a. Legal Representation.
- b. Legislative Representation.
- c. Advocacy.
- d. Marketing.
- e. Endorsement.
- f. Consulting.
- g. Authorship.
- h. Insurance Services.
- i. Teaching.

7.2 **Retainer.** In consideration of the numerous known and unknown post-retirement employment opportunities listed in Section 7.1 and others, the LGC agrees to pay the Employee, on January 15th of the first calendar year following termination and on January 15th of each subsequent year for the next four (4) years [a total of five (5) years], an annual retainer of twenty thousand dollars (\$20,000). Said retainer shall be for up to two hundred (200) hours of advisory or consulting services to the LGC management and/or governing board on strategic and/or operational matters.

7.3 **Optional Alternative Payment.** The LGC may, at its option, elect to make a lump sum termination payment to the Employee of the sum of one hundred thousand dollars (\$100,000), which shall be grossed up to account for Federal taxes, by January 15, 2010, which payment shall be in lieu of the retainer outlined in §7.2, above. Such payment shall obligate the Employee to the terms of §7.1, above, which restricts his post-retirement work activities.

8. **Miscellaneous.** This Agreement shall be binding on, and inure to the benefit of, the LGC, its successors and assigns, and the Employee, his successors, personal representatives, and heirs and shall not be assignable by the Employee.

9. **Notice.** Any notice given hereunder shall be deemed to have been given when delivered in person or, if mailed, when actually received by the party to whom it is addressed. Such actual receipt shall be presumed if such notice is mailed by registered or certified mail, addressed to the party at the address set forth above, or at any other address given in writing to the other party as set forth above.

10. **Severability.** In case any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect the validity, legality and enforceability of the

remaining provisions shall not in any way be affected or impaired thereby, and any court of competent jurisdiction is authorized to reduce the scope of any covenant that would otherwise be unenforceable so as to render that covenant enforceable.

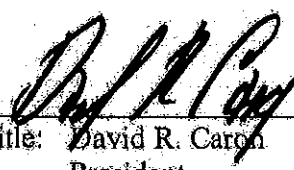
11. Entire Agreement. This Agreement sets forth the entire agreement among the parties concerning the subject matter hereof, supersedes all other prior agreement or understandings covering the subject matter hereof, and may not be amended except by a writing signed by both parties.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of execution.

EMPLOYEE

LOCAL GOVERNMENT CENTER, Inc.

By: 
John B. Andrews

By: 
Title: David R. Caron
President

12/13/07
DATE

12/13/07
DATE

EARLY TERMINATION AGREEMENT

This is an agreement between the New Hampshire Local Government Center, Inc. [hereinafter "LGC"] and John B. Andrews, the current Executive Director of the LGC [hereinafter "Andrews"] which is intended by the parties to modify certain and terms of the Employment Agreement between LGC and Andrews executed in 2007.

Section 1. The 2007 Employment Agreement being modified by this Early Termination Agreement had a term ending on December 31, 2009. It is the intent of the parties, LGC and Andrews, to modify that term such that the employment of Andrews by LGC terminates on Friday, September 4, 2009.

Section 2. In consideration of this mutual agreement the parties agree to the following:

Andrews agrees to:

1. Terminate his employment as Executive Director of LGC three (3) calendar months and twenty-six (26) days earlier than called for in the 2007 Employment Agreement and to waive his rights to any required notice from LGC.
2. Forego any claims for LGC payment of dental, life and disability insurance for the period of October through December, 2009.
3. Forego any claims for LGC payment of the so-called "buy-out" paid to employees in lieu of their enrollment in the LGC medical insurance plan for the remainder of CY 2009.
4. Forego any claims for LGC contribution to his ICMA-RC Deferred Compensation Plan for the remainder of CY 2009.
5. Forego any claims for the value of scheduled holidays and accrued leave time for the remainder of CY 2009.
6. Pay into the NHLGC Defined Benefit Retirement Plan a sum equal to the Employee Contribution calculated on the LGC contributions to his ICMA-RC Deferred Compensation Plan for CY 2007 and CY 2008 in recognition that an Employee Contribution should have been withheld during those years.

LGC agrees to:

1. Pay Andrews his 2009 salary and benefits through the LGC pay period ending Friday, September 4, 2009, payable on Friday, September 11, 2009, including the premiums for the month of September for his group dental, life and disability insurances.
2. Reimburse Andrews for all reasonable and necessary expenses of attendance at the National League of Cities State Municipal League Executive Directors' Summer Workshop in Rockport, Maine, August 3-9, 2009.
3. Pay Andrews for one hundred percent (100%) of his accrued leave as of Friday, September 4, 2009, less deductions for:
 - a. Taxes,
 - b. Voluntary payments authorized by Andrews to his ICMA-RC Deferred Compensation Plan; and
 - c. Employee contributions for the NHLGC Defined Benefit Retirement Plan, which shall be applied against the entire payment.

Section 3. The parties agree that all other terms and conditions of the Employment Agreement shall remain in force and effect.

IN WITNESS WHEREOF, the parties have executed this early termination Agreement as of the date of execution.

EMPLOYEE

LOCAL GOVERNMENT CENTER, Inc.

By: [Signature]
John B. Andrews

By: [Signature]
David R. Caron

7/2/09
DATE

7/2/09
DATE

BERRY.DUNN.MCNEIL & PARKER



CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Local Government Center, Inc.

We have audited the accompanying consolidated statement of financial position of Local Government Center, Inc. and Subsidiaries (Local Government Center) as of December 31, 2003. **This financial statement is the responsibility of Local Government Center's management.** Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statement of financial position referred to above present fairly, in all material respects, the consolidated financial position of Local Government Center, Inc. and Subsidiaries as of December 31, 2003 in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statement does not include required supplementary information, including management's discussion and analysis, which is supplementary information required by the Governmental Accounting Standards Board.

Our audit was made for the purpose of forming an opinion on the basic consolidated statement of financial position taken as a whole. The supplementary information, included in Schedule 1, is presented for the purposes of additional analysis of the consolidated statement of financial position, rather than to present the financial position of the individual organizations. The supplementary information has been subjected to the audit procedures applied in the audit of the basic consolidated statement of financial position. In our opinion, such information is fairly stated in all material respects in relation to the basic consolidated statement of financial position taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report, dated April 9, 2004, on our consideration of Local Government Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Berry Dawn McNeil Parker

Manchester, New Hampshire
April 9, 2004



INDEPENDENT AUDITORS' REPORT

Board of Directors
Local Government Center, Inc. and Subsidiaries

We have audited the accompanying consolidated statements of financial position of Local Government Center, Inc. and Subsidiaries (Local Government Center) as of December 31, 2004 and 2003 and the related consolidated statements of revenues, expenses, and changes in net assets and cash flows for the year ended December 31, 2004. **These consolidated financial statements are the responsibility of Local Government Center's management.** Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Local Government Center, Inc. and Subsidiaries as of December 31, 2004 and 2003 and the consolidated changes in their net assets and their consolidated cash flows for the year ended December 31, 2004 in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements do not include required supplementary information, including management's discussion and analysis, which is supplementary information required by the Governmental Accounting Standards Board. The required supplementary information is included in the separately issued audited financial statements for each of the subsidiaries of Local Government Center.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information, included in pages 16 through 19, is presented for the purposes of additional analysis of the consolidated financial statements, rather than to present the financial statements of the individual organizations. The supplementary information has been subjected to the audit procedures applied in the audit of the basic consolidated financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 31, 2005, on our consideration of Local Government Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Berry, Dunn, McNeil & Parker

Manchester, New Hampshire
March 31, 2005



INDEPENDENT AUDITORS' REPORT

Board of Directors
Local Government Center, Inc. and Subsidiaries

We have audited the accompanying consolidated statements of financial position of Local Government Center, Inc. and Subsidiaries (Local Government Center) as of December 31, 2005 and 2004 and the related consolidated statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. **These consolidated financial statements are the responsibility of Local Government Center's management.** Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Local Government Center, Inc. and Subsidiaries as of December 31, 2005 and 2004 and the consolidated changes in their net assets and their consolidated cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2006, on our consideration of Local Government Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying consolidated financial statements do not include required supplementary information, including management's discussion and analysis, reconciliation of claims liabilities by type of contract, and ten-year claims development information, which is supplementary information required by the Governmental Accounting Standards Board. The required supplementary information is included in the separately issued audited financial statements for each of the subsidiaries of Local Government Center.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information, included in pages 20 through 23, is presented for the purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, changes in net assets or the cash flows of the individual organizations. The supplementary information has been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Berry Dunn McNeil & Parker

Manchester, New Hampshire
March 24, 2006, except for Note 17, as to which
the date is April 19, 2006



INDEPENDENT AUDITORS' REPORT

Board of Directors
Local Government Center, Inc. and Subsidiaries

We have audited the accompanying consolidated statements of financial position of Local Government Center, Inc. and Subsidiaries (LGC) as of December 31, 2006 and 2005 and the related consolidated statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. **These consolidated financial statements are the responsibility of LGC's management.** Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Local Government Center, Inc. and Subsidiaries as of December 31, 2006 and 2005 and the consolidated changes in their net assets and their consolidated cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2007, on our consideration of LGC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying consolidated financial statements do not include required supplementary information, including management's discussion and analysis, reconciliation of claims liabilities by type of contract, and ten-year claims development information, which is supplementary information required by the Governmental Accounting Standards Board. The required supplementary information is included in the separately issued audited financial statements for each of the subsidiaries of LGC.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information, included in pages 20 through 23, is presented for the purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, changes in net assets or the cash flows of the individual organizations. The supplementary information has been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Benny Dunn McNeil & Parker

Manchester, New Hampshire
June 27, 2007



INDEPENDENT AUDITORS' REPORT

Board of Directors
Local Government Center, Inc. and Subsidiaries

We have audited the accompanying consolidated statements of financial position of Local Government Center, Inc. and Subsidiaries (LGC) as of December 31, 2007 and 2006 and the related consolidated statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. **These consolidated financial statements are the responsibility of LGC's management.** Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Local Government Center, Inc. and Subsidiaries as of December 31, 2007 and 2006 and the consolidated changes in their net assets and their consolidated cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2008 on our consideration of LGC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying consolidated financial statements do not include required supplementary information, including management's discussion and analysis, reconciliation of claims liabilities by type of contract, and ten-year claims development information, which is supplementary information required by the Governmental Accounting Standards Board. The required supplementary information for the subsidiaries of LGC is included in their respective separately issued audited financial statements.

The historical pension information on page 21 is not a required part of the general purpose financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information, included in pages 22 through 25, is presented for the purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, changes in net assets or cash flows of the individual organizations. The supplementary information has been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Berney Duna McNeil & Parker

Manchester, New Hampshire
July 16, 2008

INDEPENDENT AUDITORS' REPORT

Board of Directors
Local Government Center, Inc. and Subsidiaries

We have audited the accompanying consolidated statements of financial position of Local Government Center, Inc. and Subsidiaries (LGC) as of December 31, 2008 and 2007 and the related consolidated statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. **These consolidated financial statements are the responsibility of LGC's management.** Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Local Government Center, Inc. and Subsidiaries as of December 31, 2008 and 2007 and the consolidated changes in their net assets and their consolidated cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2009 on our consideration of LGC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying consolidated financial statements do not include required supplementary information, including management's discussion and analysis, reconciliation of claims liabilities by type of contract, and ten-year claims development information, which is supplementary information required by the Governmental Accounting Standards Board. The required supplementary information for the subsidiaries of LGC is included in their respective separately issued audited financial statements.

The historical pension information on page 23 is not a required part of the general purpose financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information, included in pages 24 through 27, is presented for the purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, changes in net assets or cash flows of the individual organizations. The supplementary information has been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Bury, Dunn, McNeil & Parker

Manchester, New Hampshire
July 6, 2009

INDEPENDENT AUDITORS' REPORT

Board of Directors of Local Government Center, Inc., as Sole Member of
Local Government Center HealthTrust, LLC
(A Wholly-Owned Subsidiary of Local Government Center, Inc.)

We have audited the accompanying statements of financial position of Local Government Center HealthTrust, LLC (a wholly-owned subsidiary of Local Government Center, Inc.) (LGC HealthTrust) as of December 31, 2009 and 2008 and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. **These financial statements are the responsibility of LGC HealthTrust's management.** Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LGC HealthTrust as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2010 on our consideration of LGC HealthTrust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying required supplementary information including management's discussion and analysis on pages 3 through 19, reconciliation of claims liabilities by type of contract on pages 36 and 37, and ten-year claims development information on pages 38 and 39 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bury, Dunn, McNeil & Parker

Manchester, New Hampshire
June 18, 2010

State of New Hampshire

FORM OF ARTICLES OF AGREEMENT

(For corporations forming under the provisions of chapter 229, P.L.)

The undersigned, being persons of lawful age, associate under the provisions of the laws of New Hampshire by the following:

ARTICLES OF AGREEMENT

Article 1. The name of this corporation shall be

New Hampshire Municipal Association

Article 2. The object for which this corporation is established is

To promote good municipal government and thereby promote the growth and prosperity of cities, towns and villages.

Article 3. The place in which the business of this corporation is to be carried on is

Durham, New Hampshire

Article 4. The amount of capital stock or number of shares is

None.

Names:

Post Office Address

Lambert G. Harvey
Lambert G. Harvey, Executive Secretary

University of New Hampshire
Durham, New Hampshire

Robinson W. Smith
Robinson W. Smith, President

Laconia, N. H.
Laconia, New Hampshire

Samuel B. Blair

Dover

William P. [unclear]
[unclear]

" "
Concord, N. H.

Town (or City) Clerk's office, Town (or City) of Durham, New Hampshire

Received and recorded this Twenty-seventh day of February 19 41

Charles [unclear]
Town (or City) Clerk
[unclear]

At least five signatures are required.

STATE OF NEW HAMPSHIRE

Office of Secretary of State
Filed for record this 1st day
of March, 1941, at 9 o'clock, a.m.

Harry Jackson

Deputy Secretary of State

Recording fee: \$25.00 (Note 1)

Form No. NP 3

Use black print or type.

RSA 292:5 & 7

Leave 1" margins both sides.

Form must be single-sided, on 8 1/2 x 11" paper, and have a one inch margin on both sides. Double sided copies will not be accepted.

AFFIDAVIT OF AMENDMENT

OF

New Hampshire Municipal Association.

A NEW HAMPSHIRE NONPROFIT CORPORATION

I, John B. Andrews, the undersigned, being the Executive Director (Note 2) of the above named New Hampshire nonprofit corporation, do hereby certify that a meeting was held on June 1, 2003 in Concord, NH (Note 3), for the purpose of amending the articles of agreement and the following amendment(s) were approved by a majority vote of the corporation's Board of Directors. (Note 4)

New Hampshire Municipal Association.
Local Government Center, Inc.

shall change its name to

FILED

JUN 26 2003

WILLIAM M. GARDNER
NEW HAMPSHIRE
SECRETARY OF STATE

[If more space is needed, attach additional sheet(s).]

A true record, attest:

John B. Andrews
(Signature)

Dated June 24, 2003

- Notes:
1. Make check payable to N.H. Secretary of State.
 2. Clerk, secretary or other officer.
 3. Town/city and state.
 4. Enter either "Board of Directors" or "Trustees".

Mail \$25.00 STATE FEE and DUPLICATE ORIGINALS (ORIGINAL SIGNATURES ON BOTH) to: Secretary of State, State House, 107 North Main Street, Concord, NH 03301-4989

File a copy with Clerk of the town/city of the principal place of business.

Recording fee: \$10.00 (Note 1)
Use black print or type.
Leave 1" margins both sides.

Form No. NP 1
RSA 292:2

ARTICLES OF AGREEMENT
OF

NEW HAMPSHIRE MUNICIPAL ASSOCIATION
HEALTH INSURANCE TRUST, INC.

A NEW HAMPSHIRE NONPROFIT CORPORATION

FILED

FEB 11 1985

NEW HAMPSHIRE
SECRETARY OF STATE

THE UNDERSIGNED, BEING PERSONS OF LAWFUL AGE, ASSOCIATE UNDER THE PROVISIONS OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, CHAPTER 292 BY THE FOLLOWING:

Article 1. The name of the corporation shall be:

New Hampshire Municipal Association Health Insurance Trust, Inc.

Article 2. The object for which this corporation is established is: To provide for the promotion of the growth and prosperity of cities, towns, and villages by creating an organization and method whereby such cities, towns, and villages and other governmental units may jointly cooperate in the exercise or in the performance of their essential governmental functions, powers or responsibilities related to providing health benefits for employees and other persons related, directly or indirectly, by virtue of employment with a Member New Hampshire municipality, village district, school district or any other organization that is an instrumentality of a municipality or group of municipalities that is authorized by New Hampshire law and the New Hampshire Municipal Association, and to take any actions necessary to accomplish the foregoing purposes.

Article 3. The provisions for disposition of the corporate assets in the event of dissolution of the corporation are:

Upon dissolution or cessation of operations of the corporation, its assets remaining after the payment of all of its obligations shall be transferred to the members of the corporation as provided in the Bylaws of the Corporation. No individual or for profit entity shall, by reason of such dissolution and cessation, receive or be entitled to any of the assets of the corporation.

Article 4. The address at which the business of this corporation is to be carried on is:

193 North Main Street, Concord, New Hampshire 03301

Article 5. The amount of capital stock, if any, or the number of shares is:

No capital stock is to be issued

ARTICLES OF AGREEMENT OF
NEW HAMPSHIRE MUNICIPAL ASSOCIATION-
HEALTH INSURANCE TRUST, INC.

Form No. NP 1
 RSA 292:2

279

Article VI. Signatures and post office address of each of the persons associating together to form the corporation: (Note 2)

<u>Signatures and Name</u>	<u>Post Office Address</u>
1. <u><i>John B. Andrews</i></u> Signature	<u>122 South Street</u> Street
<u>John B. Andrews</u> Name (please print)	<u>Concord</u> <u>NH</u> <u>03301</u> City/Town State Zip
2. <u><i>Margaret B. DeLude</i></u> Signature	<u>P.O. Box 27</u> Street
<u>MARGARET B. DELUDE</u> Name (please print)	<u>CLAREMONT N.H.</u> <u>03743</u> City/Town State Zip
3. <u><i>Elizabeth A. Kenney</i></u> Signature	<u>Muzzey Hill Rd</u> Street
<u>ELIZABETH A. KENNEY</u> Name (please print)	<u>Greenfield</u> <u>NH</u> <u>03047</u> City/Town State Zip
4. <u><i>Robert T. Loran</i></u> Signature	<u>220 South Main Street</u> Street
<u>Robert T. Loran</u> Name (please print)	<u>Concord, NH</u> <u>03301</u> City/Town State Zip
5. <u><i>Robert J. Woyd</i></u> Signature	<u>2 Spaulding St.</u> Street
<u>Robert J. Woyd</u> Name (please print)	<u>Concord</u> <u>NH</u> <u>03301</u> City/Town State Zip

City/Town Clerk's office, City/Town of Concord, NH
 Received and recorded this 11th day of February 1985.
 (Note 3)

Volume #301, Page #30

Elizabeth Campbell
 City/Town Clerk's Signature
Elizabeth Campbell
 City/Town Clerk's Name (Please Print)

- Notes: 1. Recording fee payable to: N. H. Secretary of State.
 2. At least five signatures are required.
 3. Must be recorded with City/Town Clerk's office prior to recording with the Secretary of State.

Mail fee and DUPLICATE ORIGINALS (ORIGINAL SIGNATURES ON BOTH) to:
 Secretary of State, Rm. 204, State House, Concord, NH 03301-4989

279A

193 North Main Street
P.O. Box 617
Concord, New Hampshire
03301
7447



New
Hampshire
Municipal
Association

March 18, 1985

The Honorable William M. Gardner
Office of the Secretary of State
State House
Concord, New Hampshire 03301


Ref: Use of Corporate Name

Dear Bill:

NHMA recently incorporated a health insurance trust, legally named "The New Hampshire Municipal Association Health Insurance Trust, Inc." The articles of agreement were filed on February 11, 1985, and we were advised by our attorney to notify your office of our consent to use the name "New Hampshire Municipal Association" in the name of this corporation.

Thank you for noting this consent in your official records.

Sincerely,


John B. Andrews
Executive Director

JBA/jmh

RECEIVED

MAR 19 1985

OFFICE OF
SECRETARY OF STATE

Recording fee: \$25.00 (Note 1)
Use black print or type.
Leave 1" margins both sides.

Form No. NP' 3
RSA 292:5 & 7

AFFIDAVIT OF AMENDMENT
OF
New Hampshire Municipal Association Health Insurance Trust, Inc.
A NEW HAMPSHIRE NONPROFIT CORPORATION

I, John B. Andrews, the undersigned, being the Fund Administrator (Note 2) of the above named New Hampshire nonprofit corporation, do hereby certify that a meeting was held on July 12, 2001, in Jackson, NH (Note 3), for the purpose of amending the articles of agreement and the following amendment(s) were approved by a majority vote of the corporation's Trustees. (Note 4)

That the First Article of the Articles of Incorporation of the Corporation be and is amended by changing the name of the Corporation to HealthTrust, Inc.

FILED
NOV 29 2001
WILLIAM M. GARDNER
NEW HAMPSHIRE
SECRETARY OF STATE

[If more space is needed, attach additional sheet(s).]

A true record, attest: *J.B. Andrews*
(Signature)

Dated November 28, 2001

- Notes: 1. Make check payable to N.H. Secretary of State.
2. Clerk, secretary or other officer.
3. Town/city and state.
4. Enter either "Board of Directors" or "Trustees".

Mail \$25.00 STATE FEE and DUPLICATE ORIGINALS (ORIGINAL SIGNATURES ON BOTH) to: Secretary of State, State House, Room 204, 107 North Main Street, Concord, NH 03301-4989

File a copy with Clerk of the town/city of the principal place of business.

STATE OF NEW HAMPSHIRE

Recording fee: \$25.00

Form NP-3
RSA 292:7

**AFFIDAVIT OF AMENDMENT
TO
THE ARTICLES OF AGREEMENT
OF
HEALTHTRUST, INC.**

A NEW HAMPSHIRE NONPROFIT CORPORATION


I, Marilyn Peterman, the undersigned, being the
President of the above named New Hampshire nonprofit corporation, does
hereby certify that a meeting was held on August 31, 2011, in Concord, New Hampshire for the
purpose of amending the original Articles of Agreement and any prior amendments thereto, where
the following amendment was approved by a majority vote of the corporation's Board of Trustees:

ARTICLE 1. The name of the corporation shall be: LGC HealthTrust, Inc.

Date signed: August 31, 2011

HEALTHTRUST, INC.

A true record, attest:

By: 
Name: Marilyn Peterman
Title: President



STATE OF NEW HAMPSHIRE

Recording fee: \$10.00 (Note 1)
Use black print or type.
Leave 1" margins both sides.

Form No. NP 1
RSA 292:2

ARTICLES OF AGREEMENT
OF

FILED

NEW HAMPSHIRE MUNICIPAL ASSOCIATION PROPERTY LIABILITY INSURANCE TRUST, INC. JUN 0 3 1986

A NEW HAMPSHIRE NONPROFIT CORPORATION

NEW HAMPSHIRE
SECRETARY OF STATE

THE UNDERSIGNED, BEING PERSONS OF LAWFUL AGE, ASSOCIATE UNDER THE PROVISIONS OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, CHAPTER 292 BY THE FOLLOWING:

Article 1. The name of the corporation shall be:

New Hampshire Municipal Association Property Liability Insurance Trust, Inc.

Article 2. The object for which this corporation is established is: To provide for the promotion of the growth and prosperity of cities, towns and villages by creating an organization and method whereby such cities, towns and villages and other governmental units may jointly cooperate in the exercise or in the performance of their essential governmental functions, powers and responsibilities related to obtaining, as an alternative to the prohibitively expensive insurance packages offered by private insurers, property and liability insurance necessary to prevent or lessen the incidence and severity of casualty losses occurring in the operation of local government functions; (over)

Article 3. The provisions for disposition of the corporate assets in the event of dissolution of the corporation are:

Upon dissolution or cessation of the operations of the corporation, its assets remaining after the payment of all of its obligations shall be transferred to the members of the corporation as provided in the By-Laws of the corporation. No individual or for profit entity shall, by reason of such dissolution and cessation, receive or be entitled to any (over)

Article 4. The address at which the business of this corporation is to be carried on is:

105 Loudon Road, Bldg. 3, Concord, New Hampshire 03301.

Article 5. The amount of capital stock, if any, or the number of shares is: No capital stock is to be issued.

Article 2. continued ---

to establish and administer a risk sharing and risk management service; to defend and to protect, in accordance with the corporation's By-Laws, such cities, towns, villages and other governmental units against stated liability or loss; and to take any actions necessary to accomplish the foregoing purposes.

Article 3. continued ---

of the assets of the corporation.

ARTICLES OF AGREEMENT OF
New Hampshire Municipal Association Property Liability
Insurance Trust, Inc.

Form No. NP 1
RSA 292:2

Article VI. Signatures and post office address of each of
the persons associating together to form the corporation: (Note 2)

<u>Signatures and Name</u>	<u>Post Office Address</u>
1. <u><i>Joseph F. McDonald</i></u> Signature <u>Joseph F. McDonald</u> Name (please print)	<u>38 Profile Ave., Concord, N.H.</u> Street " " " " " City/Town State Zip ⁰³³⁰¹
2. <u><i>Roger E. Burlewinski</i></u> Signature <u>Roger E. Burlewinski</u> Name (please print)	<u>RFB 1 Box 21-D</u> Street <u>Gumwater N.H. 03287</u> City/Town State Zip
3. <u><i>Robert J. Lloyd</i></u> Signature <u>Robert J. Lloyd</u> Name (please print)	<u>2 Spaulding Street</u> Street <u>Concord NH 03301</u> City/Town State Zip
4. <u><i>David W. Payment</i></u> Signature <u>David W. Payment</u> Name (please print)	<u>PFO 9 Allen Rd</u> Street <u>Bow NH 03301</u> City/Town State Zip
5. <u><i>Dennis N. Perreault</i></u> Signature <u>DENNIS N. PERREAULT</u> Name (please print)	<u>5 GERALD AVE</u> Street <u>Pembroke NH 03275</u> City/Town State Zip

City/Town Clerk's office, City/Town of Concord
Received and recorded this 2nd day of June 1986.

(Note 3)
Vol. 301 pg. 90

Elizabeth Campbell
City/Town Clerk's Signature
Elizabeth Campbell
City/Town Clerk's Name (Please Print)

- Notes: 1. Recording fee payable to: N. H. Secretary of State.
- 2. At least five signatures are required.
- 3. Must be recorded with City/Town Clerk's office prior to recording with the Secretary of State.

Mail fee and DUPLICATE ORIGINALS (ORIGINAL SIGNATURES ON BOTH) to:
Secretary of State, Rm. 204, State House, Concord, NH 03301-4989

Recording fee: \$25.00 (Note 1)
Use black print or type.
Leave 1" margins both sides.

Form No. NP 3
RSA 292:5 & 7

FILED

JAN 16 1996

WILLIAM M. GARDNER
NEW HAMPSHIRE
SECRETARY OF STATE

AFFIDAVIT OF AMENDMENT

OF
New Hampshire Municipal Association
~~Property Liability Insurance Trust, Inc.~~
A NEW HAMPSHIRE NONPROFIT CORPORATION

I, John B. Andrews, the undersigned, being the Fund Administrator (Note 2) of the above named New Hampshire nonprofit corporation, do hereby certify that a meeting was held on December 14, 19 94, in Concord, NH (Note 3), for the purpose of amending the articles of agreement and the following amendment(s) were approved by a majority vote of the corporation:

ARTICLE 1. is deleted in its entirety and the following is substituted therefor:

The name of the corporation shall be:

New Hampshire Municipal Association Property-Liability Trust, Inc.

[If more space is needed, attach additional sheet(s).]

A true record, attest:

John B. Andrews
(Signature)

John B. Andrews, Fund Administrator

Date signed

January 11, 1996

- Notes: 1. Make check payable to N.H. Secretary of State.
2. Clerk, secretary or other officer.
3. Town/city and state.

Mail \$25.00 STATE FEE and DUPLICATE ORIGINALS (ORIGINAL SIGNATURES ON BOTH)
to: Secretary of State, State House, Room 204, 107 North Main Street,
Concord, NH 03301-4989

File a copy with Clerk of the town/city of the principal place of business.

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New Hampshire Town and City Article Index

The Risk Pool Advantage

New Hampshire Town and City, March 2010

By Jonathan G. Steiner

It has been called the single most successful example of interlocal cooperation. It has saved millions of taxpayer dollars and thousands of lives. It is a model that has been copied by such public sector businesses as auto dealers, golf course owners, the hospitality industry and more. It is being talked about by Congress and the President as a potential solution to the health care crisis.

What is "It?" "It" is risk pooling: towns, cities and schools working together cooperatively to pool insurance coverage dollars and create their own "insurance" company.

Across America, more than 500 of these pools exist, covering everything from transit authorities to counties. In New Hampshire, there are three public pools and several private industry pools managing risks for their membership.

Here's how it works: Rather than buy traditional insurance from a large insurance company or through an insurance broker (or middle man), "premiums" are pooled together. Traditional insurance companies invest the premiums and hope to make a profit by paying out less in claims over time than the combination of premiums and investments. That profit is retained by the insurance company or used to pay shareholders. Pools, on the other hand, are not for profit. They take the "premiums" and invest them as well. However, the "profits" are used to reduce rates and offer training and safety programs to help reduce claims, risks and injuries. So, philosophically, traditional insurance companies exist to make money, while pools exist to offer stable pricing, specialized coverages and reduced risks. It is this philosophy that has saved millions in taxpayer dollars and saved lives.

LGC's Pooled Risk Coverage

The New Hampshire Municipal Association (NHMA) was founded in 1941 for the purpose of exchanging information in the interest of more efficient and effective local government.

In 1984, the NHMA established the HealthTrust risk coverage pool to provide member groups with control over costs, coverages and availability of employee health and other benefits. In 1988, HealthTrust participation was opened up to New Hampshire schools. HealthTrust's goal is to provide member groups with the programs and services they need to effectively manage long-term costs, while helping to keep employees healthy and productive. HealthTrust's offerings include medical, prescription drug, dental, short- and long-term disability, life and flexible spending account plans, along with health management programs, *WELLDollars* grants, flu vaccine reimbursements and more. Our nonprofit structure means we understand the unique challenges of providing programs to those who serve others. HealthTrust rates are competitive across the board, and our financial status is strong with well-reserved fund balances for potential claims.

The NHMA launched the Property-Liability Trust (PLT) in 1986 to help municipal member groups better manage risk, prevent losses and save money, and to guarantee availability of coverage after

private insurers abandoned local governments in the marketplace. Since the program's inception, we have promoted a true partnership with member groups to help them understand potential risk exposures and remain protected from risk through our nonprofit PLT. Because PLT representatives have backgrounds in various areas of municipal and school risk exposures, they have a first-hand understanding of the extra effort and "member first" philosophy necessary to successfully administer claims for the benefit of member groups.

Our PLT offerings include: easy-to-read Member Agreements providing broad protection for liability, property and crime exposures; claims administration by in-house, licensed claims adjusters; a veto provision that gives member groups faced with third-party claims felt to be frivolous an option to veto recommended claim settlements; an Employment Law Hotline; leadership development opportunities through the Local Government Leadership Institute; and a variety of valuable risk management/loss prevention programs. The PLT expanded in 2000 to offer workers' compensation and unemployment compensation coverage in response to our members' needs for a high-quality, member-focused program and to provide all their needs in one location, assisting municipalities, counties, schools and other public/quasi-public entities in offering unemployment benefits.

In 2003, the NHMA, HealthTrust, PLT and Workers' Compensation Trust were reorganized under the umbrella of the New Hampshire Local Government Center, and under the direction of one board of directors—comprising local, municipal, school and county representatives including labor, management and elected officials—to more effectively and efficiently oversee these programs.

Today, LGC's risk management programs are nationally-recognized as leaders in pooled risk management. HealthTrust is among the largest pools of its kind in the country, covering more than 70,000 lives—105,000 lives including state employees in our prescription coverage program—and annual revenues in excess of \$350 million. The PLT covers \$4.9 billion of property value and 5,270 vehicles, and the Workers' Compensation Program covers more than \$675 million in payroll. The LGC's risk management programs have returned \$15,462,536 in direct dividend payments to members in addition to providing reliable and cost competitive insurance coverages for 25 years.

Who Can Participate

New Hampshire cities and towns participating as members of the NHMA may access these coverages as a benefit of municipal membership. Other local governments may access LGC's pooled-coverage programs through the service and associate levels of NHMA membership. Eligible entities include schools, village districts, utility districts, counties, regional planning commissions or quasi-municipal public agencies serving municipalities, subject to the approval and terms of the NHMA Municipal Advocacy Committee. Currently, NHMA membership includes 458 member groups, with 235 municipal (includes Coos County), 28 associate and 195 service members.

These LGC programs serve to strengthen the ability of New Hampshire municipalities, schools and county governments to serve the public. Visit the Coverage Programs section of the LGC website to learn more about offerings available through LGC's pooled coverage programs.

For more information about membership and participation in LGC's pooled coverage programs, contact Jon Steiner, associate executive director for member relations, at 800.852.3358 or jsteiner@nhlgc.org.