

OHI WORKERS' COMPENSATION TRUST AND
BY-LAWS

Table of Contents

ARTICLE I - NAME AND PURPOSE OF TRUST AND BY-LAWS	1
ARTICLE II - DEFINITIONS	
2.1 Administrator	1
2.2 Claims Handling	2
2.3 Safety Management	2
2.4 Participation and Indemnity Agreement	2
2.5 Contribution	2
2.6 Fiscal Year	2
2.7 Fund	3
2.8 Fund Year	3
2.9 Insurer	3
2.10 Member	3
2.11 Founding Member	3
2.12 Charter Member	4
2.13 Refund or Credit Plan	4
2.14 Trust	4
2.15 Workers' Compensation Board	4
ARTICLE III - MEMBERS	
3.1 Number and Selection	4
3.2 Qualification	5
3.3 Acceptance of Membership	5
3.4 Effect of Membership	5
3.5 Rights of Members	6
3.6 Tenure	6
3.7 Annual Meeting	6
3.8 Regular Meetings	6
3.9 Special Meetings	6
3.10 Call and Notice	7
3.11 Action by Vote	7
3.12 Proxies	8
3.13 Quorum	8
3.14 Action by Writing	8
3.15 Access to Records	8
3.16 Representation	9
ARTICLE IV - DEFAULT, TERMINATION AND WITHDRAWAL OF MEMBERSHIP	
4.1 Default	9
4.2 Termination of Membership	10

4.3	Withdrawal of Membership	10
Article V- BOARD OF TRUSTEES		
5.1	Number and Qualification	11
5.2	Appointment and Tenure	11
5.3	Qualification of Trustees	13
5.4	Organization of the Board of Trustees	13
5.5	Powers and Duties of the Trustees	14
5.6	Regular Meetings	15
5.7	Special Meetings	15
5.8	Call and Notice	15
5.9	Action by Vote	16
5.10	Quorum	16
5.11	Action by Writing	16
5.12	Telephone Meetings Permitted	16
5.13	Reports of the Trustees	17
5.14	Records of the Board of Trustees	17
5.15	Committees	17
5.16	Suspension or Removal of Trustees	17
5.17	Resignation of Trustee	18
5.18	No Bond, Inventory, or Accounting	18
5.19	No Personal Liability of Trustees	18
5.20	Indemnification	18
ARTICLE VI - APPOINTMENT OF ADMINISTRATOR		
6.1	Administrator	19
6.2	Removal	19
ARTICLE VII - COMPLIANCE WITH ENABLING LAW		
		19
ARTICLE VIII - REFUNDS, RESERVES AND DISTRIBUTIONS		
8.1	Disposition of Surplus	20
8.2	Reserves	20
8.3	Capitalization Funds	20
8.4	Distribution on Termination or Liquidation of the Trust	20
ARTICLE IX - CHECKS, NOTES, DRAFTS AND OTHER INSTRUMENTS		
9.1	Checks, Notes and Drafts	21
9.2	Other Instruments	21
ARTICLE X - SEAL		
		21

ARTICLE XI - AMENDMENT AND TERMINATION 21
OF THE TRUST

ARTICLE XII - CONSTRUCTION AND INTERPRETATION
12.1 Construction 22
12.2 Compliance With Law 22
12.3 Severability 22

ARTICLE XIII - EXECUTION AND ACCEPTANCE
13.1 Counterparts 23
13.2 Execution of Membership Agreement 23

ARTICLE 1 - NAME AND PURPOSES OF TRUST AND BY-LAWS

The Trust and By-Laws hereby created shall be known as the "OHI Workers' Compensation Trust" (the Trust and By-Laws shall hereinafter collectively be referred to as "Trust" or "By-Laws"). The purpose of the Trust is to create a nonprofit workers' compensation self-insurance trust organized under Subdivision 3-a of Section 50 of the Workers' Compensation Law of the State of New York in order for employers who are members of the Oil Heat Institute of Eastern New York ("OHI") involved in the heat, petroleum, propane, gasoline and related industries including the distribution and handling of petroleum products to (1) make available a self-insured workers' compensation program by pooling the risk of its members whereby the Members agree to be jointly and severally ✓ liable for the costs of the lawful obligations of employers as set forth under the Workers' Compensation Law and the rules and regulations of the Workers' Compensation Board; (2) to process, pay and defend claims of employees of employers who are members of the Trust and the Trust shall be bound by and subject to the orders, findings, decisions or awards rendered against its members for the payment of compensation under the Workers' Compensation Law. It is intended that this Trust shall operate pursuant to and in accordance with Subdivision 3-a of Section 50 of the Workers' Compensation Law of the State of New York and the rules and regulations of the Workers' Compensation Board. In addition, the trust agrees to pay any awards commuted under Section 27 of the Workers' Compensation Law; (3) establish, maintain, promote and enforce sound safety programs, so as to assist industry companies in protecting themselves from unwarranted losses; and (4) provide a cost-effective market in which industry companies may obtain Workers' compensation stop-loss insurance coverage. This constitutes the By-Laws of the Trust.

The Following terms shall have the meaning indicated below:

2.1 Administrator - The Administrator shall be Cody Management Services, Inc., which has been appointed by the Board of Trustees pursuant to Article VI of the By-Laws to carry out the policies established by the Board of Trustees and to provide directly or through subcontractors selected solely by the Administrator daily management of the Trust including managing claims handling responsibilities set forth in Section 2.2 and loss control

responsibilities set forth in Section 2.3

2.2 Claims Handling - The Administrator will directly or through subcontract to duly licensed subcontractors arrange to investigate and evaluate all workers' compensation claims incurred by Members, arrange for needed medical examinations and legal representation or representation by other licensed individual or entity at trust expense, to process checks on behalf of the Board of Trustees required for the payment of claims, and to provide loss reports for the Members and the Trustees. Claims handling practices shall be in accordance with and adhere to the requirements of the Workers' Compensation Board.

2.3 Safety Management - The Administrator shall establish a safety management committee, arrange safety workshops, work with each Member to reduce the frequency and severity of workers' compensation claims and to provide safety management information for the Members and the Trustees.

2.4 Participation and Indemnity Agreement - The Participation and Indemnity Agreement shall mean the individual Participation and Indemnity Agreement entered into between the Trust and a Member of the Trust, and, collectively, all such Participation and Indemnity Agreements as in effect from time to time.

2.5 Contribution - A Contribution shall be a payment to the Fund by a Member made in accordance with the By-Laws, the Participation and Indemnity Agreement, and any other rules or regulations pursuant thereto, including required premium payments and other payments to cover the costs of reinsurance or excess insurance, surety bonds, regulatory fees, loss control fees, assessments and administrative costs.

2.6 Fiscal Year - The Fiscal Year of the Trust shall end on the 31st day of December of each year, or such other date as may be determined from time to time by the Board of Trustees.

2.7 Fund - The Fund shall be the sum of all Contributions made by Members in accordance with this Trust and these By-Laws, the Participation and Indemnity Agreements, and any other rules or regulations pursuant thereto; all money, contracts, policies, and properties received by the Board of Trustees for the use and purposes set forth in the this Trust and these By-Laws, the Participation and Indemnity Agreements, and any rules or regulations pursuant thereto; and all income, gains, and other increments of any nature arising therefrom less any applicable costs and expenses.

2.8 Fund Year - The Fund Year shall be a period of twelve (12) consecutive months determined from time to time by the Board of Trustees. The Initial Fund Year shall begin on January 1st, 1998 at 12:01 a.m. and end on January 1st at 12:01 a.m., and each subsequent Fund Year shall begin on January 1st 12:01 a.m. and end on the following January 1st, 12:01 a.m., unless otherwise provided by the board of Trustees. A Fund Year may be a period of fewer than twelve (12) months if it is the first or last such year, or a year involving a change in the Fund Year.

2.9 Insurer - An Insurer shall mean any insurance company providing: (a) an insurance contract to the Trust, including, without limitation, any policy or policies that the Board of Trustees or the Administrator deems necessary, convenient or desirable for the proper operation or financial stability of the Fund; and/or (b) any benefit, direct or indirect, to any Member.

2.10 Member - A Member shall mean any industry company within the State of New York which: 1) has entered into a Participation and Indemnity Agreement with the Trust as shown by the records of the Administrator, 2) is a dues paid member of the Oil Heat Institute, and 3) has been accepted for membership pursuant to Section 3.2.

2.11 Founding Member - A Founding Member shall mean a Member who meets all of the following conditions: (a) The qualifications as set forth in Section 2.10 of these By-Laws,

and (b) the Member has provided start-up funds prior to December 1, 1997, and (c) the Member commences their workers' compensation and employer's liability coverage with the Trust by no later than the earlier of (i) the expiration of their current workers' compensation policy in effect on October 21, 1997 (provided such policy does not expire prior to 12:01 A.M., January 1, 1998); or (ii) 12:01 A.M. October 21, 1998.

2.12 Charter Member - A Charter Member shall mean a Member who meets all of the following conditions: (a) the qualifications as set forth in Section 2.10 of these By-Laws, and (b) the Member commences their workers' compensation and employer's liability coverage with the Trust no later than 12:01 A.M. October 21, 1998.

2.13 Refund or Credit Plan - A Refund or Credit Plan shall be a formula adopted by the Trustees which shall reflect the specific loss experience of the Fund overall and the loss experience of each Member. The Refund or Credit Plan shall govern the amount of Contributions paid by each Member to the Fund and the amount which may be returned to Members as surplus.

2.14 Trust - The Trust shall mean the OHI Workers' Compensation Trust and By-Laws hereunder established pursuant to and in accordance with Subdivision 3-a of Section 50 of the New York Workers' Compensation Law as amended from time to time or any successor statute. The Trust shall be known as the "OHI Workers' Compensation Trust".

2.15 Workers' Compensation Board - Shall mean the New York Workers' Compensation Board whether acting as a Board or through its Chair or designees.

ARTICLE III- MEMBERS

3.1 Number and Selection - The number of Members shall at no time be fewer than six (6). The Board of Trustees or the Administrator may accept new Members qualified pursuant to

Section 3.2, and may terminate memberships pursuant to Section 4.2.

3.2 Qualification - To be eligible for membership, an applicant must: (a) be an employer within the State of New York in the year in which application for membership in the Trust is made, and in each subsequent year of membership and be and maintain membership in the Oil Heat Institute at all times while a Member of the Trust; (b) complete and execute a Participation and Indemnity Agreement in which the applicant agrees to the joint and several obligations of membership in the Trust in the form approved by the Board of Trustees, and deliver such Agreement to the Board of Trustees or the Administrator; (c) meet such conditions as may be established and provide such information as may be deemed necessary, convenient or desirable by the Board of Trustees or by the Administrator (or an Insurer with the consent of the Board of Trustees), including, without limitation, underwriting criteria and information and is homogenous with the governing classification codes as established by the Board of Trustees (d) receive written acceptance of membership from the Board of Trustees or the Administrator; and (e) make any and all Contributions to the Fund and provide any financial security required under the By-Laws, the Participation and Indemnity Agreement, and any other rules or regulations pursuant thereto.

3.3 Acceptance of Membership - Membership shall be effective upon acceptance of the applicable Participation and Indemnity Agreement by the Board of Trustees or the Administrator, and upon payment in good funds by the applicant of the Contribution for its initial Fund Year.

3.4 Effect of Membership - Upon acceptance of Membership, each Member shall be deemed to agree to be bound by the terms and provisions of this Trust and these By-Laws, the Participation and Indemnity Agreement, and any other rules, regulations or statutes pursuant thereto, including any rules and regulations required by an Insurer.

3.5 Rights of Members - In addition to such rights as are vested in them by law or the By-Laws, and such other rights as the Board of Trustees may designate, the Members shall have the right to coverage of their Workers' compensation and employer liability to the extent provided in the Participation and Indemnity Agreement and approved by the Board of Trustees, and to disposition of money in excess of the amount necessary to fund obligations, as approved from time to time by the Board of Trustees in accordance with Article VIII.

3.6 Tenure Status as a Member shall continue uninterrupted until terminated or withdrawn in accordance with Article IV.

3.7 Annual Meeting - An annual meeting of the Members of the Trust shall be held at such location within the State of New York as the Board of Trustees may designate, at 10:00 a.m. on the third Tuesday in March of each year or at some other time as may be designated by the Board of Trustees in a notice to Members. At such annual meeting, the Board of Trustees shall report to the Members on the operation of the Trust for the preceding Fiscal Year, and the Members may act on any matter brought before the meeting on which Members are entitled to act under the By-Laws, whether or not notice of any such matter was given prior to the time of the meeting.

3.8 Regular Meetings - Regular meetings of the Members of the Trust may be held at such places in the State of New York and at such times as the Members may determine.

3.9 Special Meetings - Special meetings of the Members of the Trust may be held at any time and at any place within the State of New York. Special meetings of the Members may be called by the Board of Trustees or the Administrator, and shall be called by the Secretary of the Board of Trustees (or, in the case of the death, incapacity or unavailability of the Secretary, by any Trustee) upon receipt of a written request for a special meeting signed by at least twenty-five percent (25%) of the Members, specifying the matter or matters to be considered at such meeting. Matters not specified in such request shall not be considered or

acted upon at such special meeting.

3.10 Call and Notice - (a) Regular Meetings - No call or notice shall be required for regular meetings of Members, provided that: (i) reasonable notice of the time and place of such meetings shall be given to new Members, specifying the purpose of regular meetings; and (ii) reasonable notice of a regular meeting shall be given to each Member if there is to be considered at the meeting contracts or transactions of the Trust with interested individuals, amendments to the By-Laws, or the appointment or removal of a Trustee. Reasonable notice of such meetings shall otherwise be given as required by law. (b) Annual and Special Meetings - Reasonable notice of the time, and place of any annual and special meetings of the Members shall be given to each Member. Such notice shall specify the matter or matters to be considered or acted upon at the meeting. Notice of any change of the date fixed in the By-Laws for the annual meeting of the Members shall be given to all members at least twenty (20) days before the new date set for such meeting. (c) Sufficient Notice - Except as otherwise expressly provided herein, notice to a Member shall be reasonable if notice sent by United States mail or overnight courier service at least ten (10) calendar days before the meeting, addressed to the last known address of the Member as shown by the records of the Trust, or upon approval by a majority of the Board of Trustees if notice is given in person or by telephone to a duly authorized representative of the Member at least twenty-four (24) hours before the meeting. (d) Waiver of Notice - Whenever notice of a meeting is required, such notice need not be given to any Member if a written waiver of notice, executed by a duly authorized representative of the Member before or after the meeting, is filed with the records of the meetings of the Members.

3.11 Action by Vote - Each Member shall have one (1) vote. Members shall be entitled to vote on the appointment and removal of Trustees, amendments to the By-Laws, termination of the Trust, and such other matters as the Board of Trustees may determine should be acted upon by the Members.

3.12 Proxies - Members may vote either in person or by proxy dated not more than thirty (30) days before the meeting named therein, which proxy shall be in writing, signed by the Member and filed with the Secretary of the Board of Trustees at or before the commencement of the meeting. Unless otherwise specifically limited by their terms, such proxies shall entitle the holders thereof to vote at any adjournment of the meeting, but the proxy shall terminate after the final adjournment of such meeting.

3.13 Quorum - Attendance at a meeting in person or by proxy by Members representing at least a majority of the Members of the Trust shall constitute a quorum for the meeting. When a quorum is present, a majority of the Members present in person or by proxy may decide any matter on which the Members may vote, unless the By-Laws requires a larger vote. Any meeting may be adjourned to such date or dates by a majority of the votes cast upon the question, whether or not a quorum continues to be present, and the meeting may be held as adjourned without further notice so long as the date, time and place to which the meeting is adjourned are announced before adjournment.

3.14 Action by Writing - Any action required or permitted to be taken at any meeting of Members may be taken without a meeting without prior notice and without a vote if: 1) the action is taken by written consent of all the number of Members having not less than the minimum number of votes that would be necessary to take such action at a meeting at which all Members entitled to vote thereon were present and voted; 2) notice of such action is given to Members who did not consent to such action and 3) the written consent is filed with the records of the meetings of the Members. Such consents shall be treated for all purposes as a vote at a meeting.

3.15 Access to Records - Members shall permit the Board of Trustees and the Administrator reasonable access to their respective offices and to all records which reasonably relate to the purposes and powers of the Trust. The Trust, through its Administrator and or Trustees

shall, at the request of a Member, provide without unreasonable delay to any person designated by the Member proof of any coverages provided by the Trust including any insurance or reinsurance, deductible levels and the maximum liability which the Trust retains.

3.16 Representation - Members shall agree to be represented by licensed hearing representatives or attorneys retained or employed by the Trust, by the Administrator or a subcontractor of the Administrator, or by an Insurer in connection with investigations, settlement discussions and all levels of litigation arising out of any claim made against a Member within the scope of Workers' compensation and employer's liability protection furnished by the Trust, and shall cooperate fully with any such representative or attorney.

ARTICLE IV - DEFAULT TERMINATION
AND WITHDRAWAL OF MEMBERSHIP

4.1 Default - A Member shall be deemed to be in default upon occurrence of any one of the following events: (a) termination or cessation for any reason of its status as an employer within the State of New York or as a member of the Oil Heat Institute; (b) termination of or default by the Member under the Participation and Indemnity Agreement executed by the Member; (c) failure by the Member to make in good funds within the prescribed time any Contribution or payment of other charges required by the By-Laws, the Participation and Indemnity Agreement, or any rules or regulations thereto; (d) failure by the Member to continue to meet any criteria, including but not limited to the underwriting standards for Members; (e) failure of the Member to provide any information required by the Board of Trustees, the Administrator or an Insurer; (f) failure of the Member to cooperate with the Administrator, claims agents, loss control representatives, licensed hearing representatives or attorneys representing the Trust; (g) failure by the Member to reasonably comply with loss control recommendations of the Trust Safety Committee or of the Administrator; (h) failure by the Member to comply with any term of the Trust, By-Laws, the Participation and

Indemnity Agreement, or any rules or regulations pursuant thereto; (i) appointment of a trustee or conservator to manage the affairs of the Member, insolvency or voluntary or involuntary bankruptcy of the Member or assignment for the benefit of creditors; or (j) any action or conduct by the Member that is determined by the Board of Trustees or the Administrator to warrant termination of membership. Written Notice of a Default ("Notice of Default") shall be delivered to the Member by the Board of Trustees or the Administrator. If, within thirty (30) days following receipt of the Notice of Default, the Member corrects the condition giving rise to the default to the reasonable satisfaction of the Board of Trustees or the Administrator, the default shall be deemed corrected. If correction does not occur, all rights and privileges of the Member shall terminate in accordance with Section 4.2.

4.2 Termination of Membership - If a condition of default is not corrected by the Member, the Board of Trustees or the Administrator shall deliver written Notice of Termination ("Notice of Termination") to the Member and to the Workers' Compensation Board by registered mail, return receipt requested. All rights and privileges of membership, including Workers' compensation and employer's liability coverage, and all other benefits hereunder, shall terminate at the end of twenty (20) days following the date of mailing via registered mail, return receipt requested by the Member of such written Notice of Termination, but not less than ten (10) days after written Notice is filed with the Chair of the New York Workers' Compensation Board. The date upon which coverage to such Member ceases shall be known as the "Termination Date". Once a Member has received Notice of Termination as prescribed herein, the Member shall not be empowered or authorized to attend any annual, regular, or special meeting of the Members, or to participate in or vote on any matter considered by the Members, whether at a meeting or by writing.

4.3 Withdrawal of Membership - Voluntary withdrawal of a Member from the membership shall be effected by providing the required written notice set forth below provided, however, that no Member may voluntarily withdraw prior to a period of twelve consecutive months of Membership. The Member shall submit written notice of

withdrawal to the Administrator and the Board of Trustees not less than 120 days prior to the date of withdrawal set forth in the notice. Failure to give such notice shall automatically extend the Members membership in the Trust and the Member's obligations under the By-Laws, the Participation and Indemnity Agreement, and any rules or regulations pursuant thereto, for another Fund Year, unless such withdrawal is approved by a majority vote of the Trustees then in office. The Trust shall file written Notice of Withdrawal ("Notice of Withdrawal") with the Workers' Compensation Board not less than ten (10) days in advance of the effective date of withdrawal.

ARTICLE V BOARD OF TRUSTEES

5.1 Number and Qualification-The Board of Trustees shall consist of seven (7) individuals elected by the Members of which six (6) Trustees must be employees of Members of the Trust. The seventh Trustee shall at all times be the principal paid executive of the Oil Heat Institute whose term shall coincide with his or her employment as the principal paid professional of OHI and, by virtue of these By-Laws is deemed to have been elected by the Members for such a term.- At any time that said individual ceases to be the principal paid professional of OHI, his/her term on the Board of Trustees of the Trust shall terminate immediately and the seat shall be held in reserve for that individual's successor as the principal paid professional of OHI, who, upon their employment, shall immediately be deemed to have been elected by the Members as the seventh Trustee. The Members shall determine the number of Trustees to be elected. All Trustees shall be residents of the State of New York or officers of Trusts authorized to do business in the State of New York.

5.2 Appointment and Tenure - All members of the initial Board of Trustees shall serve for terms that expire as of the first annual meeting of the Trust next following completion of the first full Fund Year. The initial Board of Trustees shall be James Hart, Richard Slote, John Reichard, John Snyder, Thomas Keen, Robert Ottman and James Benton. At the first annual meeting of the Trust next following completion of the first full Fund Year, the

membership shall elect a Board of Trustees with staggered terms as follows: (a) Six of the seats on the Board of Trustees (not including the seventh seat reserved for the principal paid professional of OHI) shall be divided into three (3) groups, with the term of office of each Trustee being three (3) years and until his or her successor is elected and qualified, except that the terms of office of two candidates shall expire with the election and qualification of their successors at the second annual meeting of the Members; the terms of office of two candidates shall expire with the election and qualification of their successors at the third annual meeting of the Members; and the terms of office of two candidates shall expire with the election of their successors at the fourth annual meeting of the Members. Each Trustee shall hold office for his or her stated term or, if sooner, until he or she dies, resigns, is removed, or becomes disqualified. A Trustee may serve for an unlimited number of terms. (b) Election of Trustees - At each annual meeting of the Members, the Members shall elect from those properly nominated approximately one-third (1/3) of the Board of Trustees to replace those Trustees whose terms of office are expiring. Each Member shall have one (1) vote with respect to each position to be filled, and may not cumulate votes for one or more nominees. The nominee(s) receiving the greatest number of votes shall be elected to the position(s) to be filled. The Board of Trustees may elect a new Trustee from those properly nominated to eliminate a vacancy existing by reason of death, resignation, removal, or disqualification of a Trustee. A successor shall hold office for the unexpired term of his or her predecessor, or, if sooner, until he or she dies, resigns, is removed, or becomes disqualified. (c) Nomination of Trustees - Except for the first Annual Meeting following the completion of the first Fiscal Year, the Trustees shall create a Nominating Committee consisting of two Trustees whose Terms of office are not expiring at the next annual meeting and the Nominating Committee so comprised shall nominate individuals to serve as Trustees for consideration by Members at the Annual Meeting. For purposes of the first Annual Meeting following the completion of the first Fiscal Year, the Nominating Committee shall be comprised of the Administrator and the principal paid executive of OHI. Except for those individuals nominated by the Nominating Committee or for an individual to fill an unexpired term due to the death, resignation, removal, or disqualification of a Trustee, an individual

must be nominated in writing by not less than ten percent (10%) of the Members eligible at the forthcoming meeting. Such nomination must be delivered to the Board of Trustees not later than fifteen (15) days before the date of the meeting. The Nominating Committee shall notify the Members in writing within a reasonable period of time before the meeting of the number of Trustees to be elected, the nominees for such positions, and the number of Members eligible to vote at the meeting.

5.3 Qualification of Trustees - Any person elected or appointed as a Trustee shall accept such election or appointment by signing a written instrument, prepared and signed by the Secretary of the Board of Trustees, setting forth the name of the person elected or appointed, the name of the person, if any, whom the person elected or appointed has replaced, and the date of such election or appointment. Such instrument shall become effective upon its filing with the records of the Trust. Such person shall then become a Trustee and shall be vested with title to the Trust property, jointly with the remaining or surviving Trustees, if any, without the necessity of any act or transfer or conveyance. Despite any vacancy or vacancies on the Board of Trustees, however caused and for whatever duration or number, the remaining or surviving Trustee(s) shall continue to exercise and discharge all of the powers, and duties hereby conferred or imposed upon the Trustees.

5.4 Organization of the Board of Trustees - The Trustees shall elect a Chairman and Vice Chairman of the Board of Trustees who must both be Trustees and both shall serve at the pleasure of the Board of Trustees. At any time that the Chairman cannot preside, the Vice Chairman shall preside in his or her stead and the Chairman, at his or her discretion may delegate such other duties to the Vice Chairman as the Chairman so chooses from time to time. The Trustees shall appoint the Administrator as Secretary of the Board of Trustees who shall serve at the pleasure of the Board of Trustees to perform such duties and functions as prescribed by law and the By-Laws. The Trustees shall appoint the principal paid executive of OHI as Treasurer of the Board of Trustees who shall serve at the pleasure of the Board of Trustees to perform such duties and functions as prescribed by law and the By-Laws.

5.5 Powers and Duties of the Trustees - The affairs of the Trust shall be managed by the Trustees, who shall have and may exercise all powers of the Trust, except those powers reserved to the Members by law or the By-Laws. The Board of Trustees shall have all powers necessary to enable it to carry out its duties, and its decisions upon all matters within the scope of its authority shall be final. Specifically, but not in limitation of the broad powers herein conferred, the Trustees shall have the power, pursuant to the Trust to: (a) adopt such rules and regulations including the revision of the Participation and Indemnification Agreement and the Bylaws, as they deem necessary, convenient or desirable in their sole discretion to effect any and all of the purposes for which the Trust is formed; (b) accept applications for membership, including establishment of underwriting and other criteria for qualifications of membership; (c) determine the amount of Contributions to be made to the Fund including the determination of the level of Contributions, administrative costs, assessments that may arise from the joint and several liability of each of the individual Members to liabilities of the Trust as set forth in the Participation and Indemnification Agreement, and the timing and form of payment of such Contributions; (d) administer and manage the Fund, including the investment and reinvestment of its assets in accordance with the standards established for fiduciaries pursuant to EPTL §11-2.2 (e) approve the borrowing of funds from banks or other lenders as they deem necessary (subject to the approval, if necessary, of the Workers' Compensation Board) and to enforce the joint and several liability provisions to assure payment by the Trust of any such repayment obligations to lenders; (f) determine the distribution of money in excess of the amount necessary to fund all obligations of the Trust, including but not limited to sufficient contingency reserves and may designate use of trust funds as 'capitalization funds' to provide full or partial collateral for financial security requirements established by and with the approval of the Workers' Compensation Board and may use such funds as substitutes for individual Letters of Credit or other capital instruments that may have been provided individually by each Member at the time each Member joined the Trust; (g) adopt and issue rules, regulations, policies and procedures in connection with the payment of workers' compensation and employer liability claims and

losses incurred by Members, including establishment of reporting obligations and documentation requirements related to such claims, investigations procedures, and settlement guidelines; (h) purchase insurance or reinsurance, surety bonds, directors and officers liability insurance and other reasonable and prudent insurances as the Board may deem advisable from time to time.; and (i) determine the amount of financial security ("Financial Security") separate and apart from contributions, that each member shall deposit with the Trust as beneficiary, said Financial Security to be in the form of either (a) cash; (b) letter of credit in form proscribed by or acceptable to the trustees; or (c) surety bond in form proscribed by or acceptable to the trustees.

5.6 Regular Meetings - Regular meetings of the Board of Trustees shall be held quarterly at such places and at such times as the Trustees may determine.

5.7 Special Meetings - Special meetings of the Board of Trustees may be held at any time and at any place when called by the Secretary of the Board of Trustees or by three or more Trustees.

5.8 Call and Notice - (a) Regular Meetings - No call or notice shall be required for regular meetings of the Board of Trustees, provided that: (i) reasonable notice of the times and places for regular meetings shall be given to new Trustees; and (ii) reasonable notice of a regular meeting shall be given to each Trustee if there is to be considered at the meeting contracts or transactions of the Trust with interested individuals. amendments to the By-Laws, the removal or suspension of a Trustee, or the default or termination of a Member. Reasonable notice of such meetings shall otherwise be given as required by law. (b) Special Meetings - Reasonable notice of the time and place of special meetings of the Board of Trustees shall be given to each Trustee. Such notice shall specify the purpose or purposes of such meeting. (c) Sufficient Notice - Except as otherwise expressly provided herein, notice to a Trustee shall be reasonable if notice sent by United States mail or overnight courier service at least forty-eight (48) hours before the meeting, addressed to the last known address

of the Trustee, or if notice is given in person or by telephone to the Trustee at least twenty-four (24) hours before the meeting. (d) Waiver of Notice - Whenever notice of a meeting is required, such notice need not be given to: (i) any Trustee if a written waiver of notice, executed by him or her (or his or her duly authorized representative), before or after the meeting, is filed with the records of the meeting; or (ii) any Trustee who attends the meeting without protesting prior to its commencement as to the lack of notice to him or her. A waiver of notice need not specify the purposes of the meeting unless such purposes were required to be specified in the notice of such meeting.

5.9 Action by Vote - When a quorum is present at any meeting, a majority of the Trustees present and voting shall decide any question, unless otherwise provided by law or the By-Laws.

5.10 Quorum- At any meeting of the Trustees, a majority of the Trustees then in office shall constitute a quorum. Any meeting may be adjourned by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be determined to have been adjourned without further notice so long as the date, time and place to which the meeting is adjourned are announced before adjournment.

5.11 Action by Writing - Any action required or permitted to be taken at any meeting of the Trustees may be taken without a meeting if all Trustees consent to the action in writing, and the written consent is filed with the records of the meetings of the Trustees. Such consents shall be treated for all purposes as a vote at a meeting.

5.12 Telephone Meetings Permitted - Unless otherwise provided by law or the By-Laws members of the Board of Trustees may participate in a meeting of such Board by means of telephone conference or similar communications equipment through which all individuals participating in the meeting can hear the others at the same time. Participation by such means shall constitute presence in person at such meeting.

5.13 Reports of the Trustees - The Trustees shall, as soon as reasonably possible after the close of each Fiscal year, or more often if convenient to the Trustees, submit to the Members a written report of the operations of the Trust for such year.

5.14 Records of the Board of Trustees - All acts and determinations of the Board of Trustees shall be duly recorded by, or under the supervision of the Secretary of the Board of Trustees, and all such records, along with such other documents as may be necessary for the administration of the Trust, shall be preserved in the custody of the Administrator.

5.15 Committees - (a) The Trustees may elect or appoint one or more committees, and may delegate to any such committee or committees such powers as they deem necessary, convenient or desirable, provided that no committee shall create any financial liability for the Trust unless authorized by the Board of Trustees. Unless the Trustees otherwise designate, committees shall conduct their affairs in the same manner as is provided in the By-Laws for the Board of Trustees. The members of any committee shall remain in office at the pleasure of the Trustees. (b)(i) The Trustees shall establish a Trust Safety Committee for the purposes of carrying out a sound safety program designed to: (1) prevent occupational accidents and diseases (2) encourage every participating Member company to implement a sound safety program and internal safety committee; (3) make suggestions to reduce the cost of benefits to Members of the OHI Workers' Compensation Trust; (4) provide reports and information to the Board of Trustees when requested; (5) recommend new safety and loss prevention rules and regulations to the Trustees and (6) elicit methods to obtain cooperation in accident and loss prevention from all committee members and recommend to the Trustees that action be taken with regard to Members who have a consistently poor loss experience and fail to take corrective action.

5.16 Suspension or Removal of Trustees - A Trustee may be suspended or removed with or without cause by a majority vote of the Members.

5.17 Resignation of Trustee - Any Trustee may resign at any time by signing and delivering a written resignation to the Secretary of the Board of Trustees. Such resignation shall be effective upon receipt by the Secretary (unless specified to be effective at some later time). Such written resignation shall be filed with the records of the Trust.

5.18 No Bond, Inventory or Accounting - No Trustee named, elected, or appointed shall be obliged to give any bond or surety for the performance of any of his or her duties hereunder nor shall any such Trustee have any duty to file any inventory or accounting with any court, unless specifically ordered to do so by a court of competent jurisdiction.

5.19 No Personal Liability of Trustees - The Trustees and the Administrator shall not be personally liable for any debt, liability or obligation of the Trust. All persons, Trusts or other entities extending credit to, contracting with, or having any claim against, the Trust, may look only to the funds and property of the Trust for the payment of any such contract or claim, or for the payment of any debt, damages, judgment or decree, or of any money that may otherwise become due or payable to them from the Trust.

5.20 Indemnification - Except as a Member may otherwise agree, the Trustees shall not be entitled to look to the Members personally for indemnification against any liability incurred by the Trustees or any number of them on behalf of the Trust, or to call upon the Members for the payment of any sum of money except for Contributions. Each Trustee shall be entitled to indemnity out of the Trust property against any and all liabilities so incurred by the Trustees on behalf of the Trust, including but not limited to liabilities in contract and in tort, and liabilities for damages, penalties, and fines, and compromises or settlements of such liabilities upon such terms as the Trustees shall determine.

ARTICLE VI - APPOINTMENT OF ADMINISTRATOR

6.1 Administrator - Cody Management Services, Inc. of 357 Bay Road, Suite 4, Queensbury, NY 12804 is hereby selected and appointed by the Trustees as the Administrator of the Trust. Such appointment shall begin on the date the By-Laws are executed, and shall remain in effect during the period Workers' compensation and employer's liability coverage is provided to the Members by the Trust. The Administrator will be remunerated by the Trust as established mutually by the Board of Trustees and the Administrator in an Administration Agreement. The duties and responsibilities of the Administrator or subcontractors selected solely by the Administrator shall include all daily management of the Trust.

6.2 Removal - The Trustees reserve the right by vote of two-thirds (2/3) of the Trustees then in office and in accordance with the provisions of the Administration Agreement to terminate an appointment made pursuant to this Article VI and to name a successor Administrator.

ARTICLE VII - COMPLIANCE WITH ENABLING LAW

The Board of Trustees shall cause the Trust to comply with the provisions of the Enabling Law, and, unless said provisions are amended or deleted, shall not: (a) permit the Trust to extend credit to individual Members of the Trust for payment of a Contribution, except pursuant to a payment plan or plans approved by the Trustees or (b) borrow any money from the Trust, or in the name of the Trust, except in the ordinary course of business, without first, if necessary, advising the Workers' Compensation Board of the nature and purpose of the loan, and obtaining the prior approval thereof.

ARTICLE VIII - REFUNDS, RESERVES AND DISTRIBUTIONS

8.1 Distribution of Surplus - Any surplus with respect to a Fund Year may be used by the Trustees to provide a return to Members in accordance with a Refund or Credit Plan adopted by the Board of Trustees. A surplus, if any, for a Fund Year shall be determined in accordance with the Refund or Credit Plan for such Fund Year. The Refund or Credit Plan may exclude as recipients of a return those Members whose loss experience for the Fund Year exceeded an amount or percentage specified in such Refund or Credit Plan or Members who have, subsequent to the Fund Year in question, voluntarily terminated their membership in the Trust. The Trustees may, instead of declaring a return, use all or a portion of the surplus with respect to a Fund Year to reduce the Contributions otherwise payable by the Members for subsequent Fund Year(s) or otherwise use the surpluses to be allocated to a different Fund Year.

8.2 Reserves - The provisions of Section 8.1 shall not prevent the Trustees from using all or a portion of the surplus in any Fund Year to increase the reserve and contingency funds of the Trust to amounts which the Trustees reasonably deem necessary or prudent.

8.3 Capitalization Funds - The provisions of Section 8.1 shall not prevent the Trustees from using portions of the surplus in any Fund Year to be utilized as full or partial collateral for procuring financial security requirements established by the Workers' Compensation Board.

8.4 Distribution on Termination or Liquidation of the Trust - In the event the Trust is terminated or liquidated, the Trustees, after payment of all liabilities of the Trust, or providing adequate security acceptable to the Workers' Compensation Board that all liabilities of the Trust will be paid, shall cause the remaining assets of the Trust to be converted to cash and distributed to the qualifying Members of the Trust (in accordance with Section 8.1) who were members at any time during the five (5) years in which the Trust provided benefits to its Members prior to such termination or liquidation and who did not

voluntarily terminate their membership in the Trust prior to a decision by the Trustees or the membership at large to terminate or liquidate the Trust. Such distribution shall be in percentages, calculated by dividing the Contributions paid to the Trust by each qualifying Member during such five (5) years by all such Contributions paid to the Trust by all qualifying Members during such period.

ARTICLE IX - CHECKS, NOTES, DRAFTS AND OTHER INSTRUMENTS

9.1 Checks, Notes and Drafts - Checks, notes, drafts, and other instruments for the payment of money out of the Trust, drawn by or endorsed in the names of the Trustees, may be signed by any individual or individuals, including but not limited to the Administrator or its officers or employees, to whom such power may at any time or from time to time be delegated by not less than a majority of the Trustees.

9.2 Other Instruments - Except as otherwise expressly provided herein, any deed, mortgage, lease, note, instrument, or other document may be executed, acknowledged, sealed, and delivered by any one of the Trustees in the name of and on behalf of the Trust and all of the Trustees, after approval by the required number of Trustees.

ARTICLE X - SEAL

The Board of Trustees may adopt and modify the seal of the Trustees, which shall be valid for all purposes.

ARTICLE XI - AMENDMENT AND TERMINATION OF THE TRUST

These By-Laws may be altered, amended or repealed in whole or in part by vote of two-thirds (2/3) of the Trustees then in office, except with respect to any provision thereof which by law or the By-Laws requires action by Members or more than 2/3 of the

Trustees. Not later than the time of giving notice of the meeting of Members next following the amending or repealing by the Trustees of any by-law, notice thereof stating the substance of such change shall be given to all Members. The Members may alter, amend or repeal any by-laws adopted by the Trustees or otherwise, adopt, alter, amend or repeal any provision which by law, or the By-Laws requires action by the Members. At any time, two-thirds (2/3) or more of all of the Members of the Trust may, without the prior vote of the Trustees, or a majority of the Members voting at a meeting of the Members may, with the prior majority vote of all of the Trustees: (a) alter or amend, in whole or in part, the terms and provisions of the By-Laws: (b) remove any Trustee, or appoint one or more additional Trustees; or (c) terminate the Trust hereby created. Such action must be made by an instrument in writing, signed and acknowledged by the Secretary of the Board of Trustees and filed with the Workers' Compensation Board.

ARTICLE XII - CONSTRUCTION AND INTERPRETATION

12.1 Construction - In the construction hereof, whether or not so expressed. (a) words used in the singular or in the plural, respectively, include both the plural and singular; (b) words denoting a person or individuals include firms, associations, companies, trusts, and Trusts, unless a contrary intention is to be inferred from or required by the subject matter or context.

12.2 Compliance With Law - All the trusts, powers, and provisions herein contained shall take effect and be construed according to the internal laws of the State of New York applicable to contracts made and to be performed entirely therein.

12.3 Severability - In case any provision of this Trust shall be held invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof will not in any way be affected or impaired thereby.

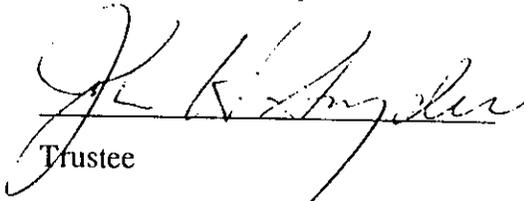
ARTICLE XIII - EXECUTION AND ACCEPTANCE

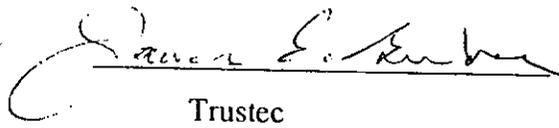
13.1 Counterparts - The By-Laws may be executed in two or more counterparts by the parties hereto, each of which counterparts shall be deemed an original, and such counterparts shall constitute one and the same instrument which shall for all purposes be sufficiently evidenced by any such original counterpart.

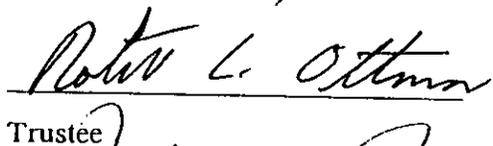
13.2 Execution of Membership Agreement - Execution and delivery of a Participation and Indemnity Agreement approved and accepted by the Trustees or the Administrator shall cause the member to become a party to the By-Laws with the same force and effect as if the Member had hereunto affixed his, her, or its signature. Upon ceasing to be a Member of the Trust, such former Member shall cease to be a party hereto.

IN WITNESS WHEREOF, the OHI Workers' Compensation Trust has hereunto caused the By-Laws to be executed and sealed on its behalf.

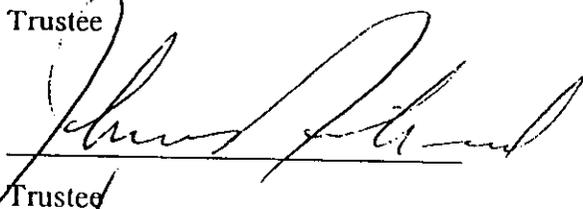
OHI Workers' Compensation Trust:

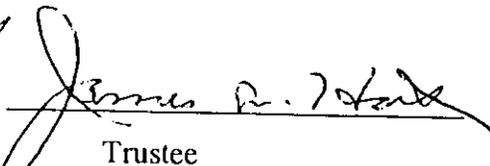

Trustee

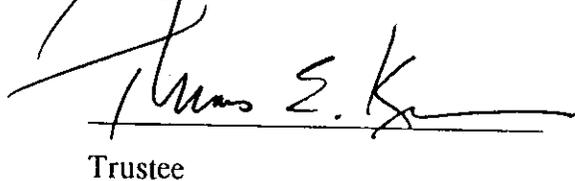

Trustee

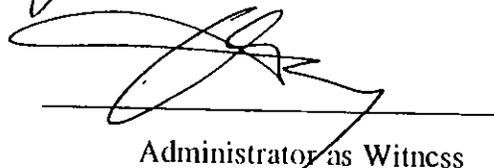

Trustee


Trustee


Trustee


Trustee


Trustee


Administrator as Witness