

AGENDA
SPECIAL FINANCE COMMITTEE
Village of Hoffman Estates
September 17, 2018

Immediately Following Transportation & Road Improvement Committee

Members: Gary Pilafas, Chairperson
Anna Newell, Vice Chairperson
Michael Gaeta, Trustee
Karen Mills, Trustee
Gary Stanton, Trustee
Karen Arnet, Trustee
William McLeod, Mayor

I. Roll Call

NEW BUSINESS

1. Request approval of an Ordinance authorizing an Intergovernmental Agreement to participate in the Suburban Liability Insurance Program (SLIP).

II. Adjournment

Further details and information can be found in the agenda packet attached hereto and incorporated herein and can also be viewed online at www.hoffmanestates.org and/or in person in the Village Clerk's office.

The Village of Hoffman Estates complies with the Americans with Disabilities Act (ADA). For accessibility assistance, call the ADA Coordinator at 847/882-9100.

**COMMITTEE AGENDA ITEM
VILLAGE OF HOFFMAN ESTATES**

SUBJECT: Request approval of an ordinance authorizing an Intergovernmental Agreement to participate in the Suburban Liability Insurance Program (SLIP)

MEETING DATE: September 17, 2018

COMMITTEE: Finance Committee

FROM: Daniel P. O'Malley, Deputy Village Manager
Patrick Seger, Director of Human Resources Management
Ken Koop, Risk Manager

PURPOSE: To request authority to replace the Village's existing excess general liability and property insurance program expiring January 1, 2019, with a municipal insurance pool.

BACKGROUND: Since 1985, the Village has used conventional insurance and a "protected self-insurance" package to insure property and liability losses. For coverage such as property, auto liability, general liability and crime losses, the Village has assumed a self-insured retention (SIR) limit per claim. A cap known as the "loss fund" has been used to limit the total exposure under this program. Excess coverage has been purchased to protect the Village from catastrophic losses. This excess coverage protects the Village against individual losses above \$100,000 and combined losses in excess of \$400,000.

For losses above the excess insurance carrier limit of \$2,000,000, the Village participated as a member of the High-Level Excess Liability Pool (HELP) for 30 years until its dissolution on April 30, 2018.

The dissolution of HELP was due to several members of the pool, for various reasons, not wanting to participate in a new HELP term, and, therefore, it was determined that a new term would not be viable. As a result, the Village replaced this layer of coverage using the standard insurance market. In 2018, this layer of coverage was replaced with an insurance policy underwritten by Allied World National Assurance Company.

In 2017, the Village of Hoffman Estates, along with eight other municipalities, received an invitation from the Village of Buffalo Grove to participate in discussions to explore the creation of a general liability insurance pool. The communities were selected based on similarity of size and operations and stability of risk.

Pooling insurance risk is not new to the Village as we have been a member in the High Excess Liability Pool (HELP) for our excess liability insurance and the Intergovernmental Personnel Benefits Cooperative (IPBC) for group health insurance for many years. Both pools have been very beneficial to the Village, therefore, staff determined it was worthwhile to attend meetings relative to creating an insurance risk pool to see if there would be similar benefits to the Village in terms of lower premium cost and improved coverages.

DISCUSSION:

Arthur J. Gallagher Risk Management Services Inc. (AJG) is the administrator of the proposed pool. They are renowned in the industry for creating successful municipal liability insurance pools. AJG has provided the potential members with the relevant costs and program structure associated with creating the Suburban Liability Insurance Pool (SLIP).

Pool Description: The Village of Buffalo Grove, City of Highland Park, Elk Grove Village, and the Village of Hoffman Estates would be the founding members of the pool. The pool is being created to accommodate each member's individual insurance needs, while providing lower overall fixed costs. Additional benefits of the pool to the Village are as follows:

- Allows the Village to retain identical insurance limits and retentions;
- Allows the Village to retain its current third party claims administrator (CCMSI);
- Would not affect the Village's current workers' compensation program (The Village's program would remain outside the pool);
- Opportunity to retain underwriting profits;
- Reduced rates through cooperative purchasing;
- The pool has higher liability limits (+\$1M);
- Ability to stabilize costs when market conditions change;
- Known maximum annual cost;
- Investment income potential;
- Direct input through a claims committee on claims decisions;
- Custom loss prevention services;
- Control over future new members;
- Long-term, stable solution to future insurance needs;
- Potential for return of loss fund surplus; and
- Protection against catastrophic loss.

Coverage Structure: The Village's coverages will remain the same as with the current program, with minor differences to the insurance forms. The self-insured retentions will also remain the same. However, the Village will benefit from an additional one million dollars (\$1,000,000) in excess insurance limit over the current program.

The pool provides the first layer of coverage which is a protected self-insured loss fund which attaches above each individual member's self-insured retention. Each member would annually contribute to the loss fund to cover losses within that layer of coverage. There is also a one million dollar (\$1,000,000) stop loss insurance policy that would pay losses if the loss fund is depleted. This would negate the need for members to make additional contributions to the loss fund if the loss fund is depleted due to claims. Conversely, if the pool does not use the entire loss fund in a given year after actuarial analysis, the Village would be entitled to reimbursement of the unused loss fund balance.

There would be a commercial insurance layer of coverage for losses that are in excess of the pool's retention layer.

Lastly, a commercial excess insurance policy will be in place for losses above the commercial insurance layer.

Please see Exhibits A and B for a visual description of the pool structure for various layers of coverage and corresponding limits. The Village's commitment for joining this pool would be for a thirty-six (36) month period, or three (3) program years.

Other Coverages: There are three (3) property and casualty coverages that are not included in the SLIP program. Liquor liability, underground storage tank, and terrorism coverage would be placed with either Arthur J. Gallagher or the Village's current broker, Alliant/Mesirow Insurance Services. This will be determined closer to the expiration of the term of coverage on January 1, 2019, since insurance companies will not rate a policy unless it is close to the expiration date.

Policy Form Differences: The excess liability carrier utilized by the pool is Lloyds of London, using the Brit policy form. Although, Lloyds of London is not an admitted carrier in Illinois, they place a significant amount of business in Illinois. Lloyd's is very highly rated by Best's and has been in business for well over 200 years. Additionally, the defense costs related

to this program are inside the limits of coverage. Therefore, all legal expenses paid on a specific claim would toll the limit of insurance. This is remedied by the addition of one million dollars (\$1,000,000) to the excess limit.

Workers' Compensation: Gallagher attempted to include workers' compensation coverage in the SLIP pool. However, there were no markets that were competitive to the Village's existing program. Therefore, workers' compensation coverage was not included in the SLIP program. The Village will continue its existing excess program with Safety National Insurance Company. This will benefit the Village by allowing near autonomy in the claims management process.

Third Party Claims Administrator (TPA): The Village currently utilizes CCMSI for claims administration services for property and casualty claims. The Village would retain CCMSI as our TPA for this line of coverage. Therefore, the transition to the pool would be seamless from a claims management perspective.

Value Added Services: The Village would continue to benefit from value added services provided by SLIP, including Medicare Section 111 reporting, MVR inquiries, the issuance of certificates of insurance, and loss control assistance. These services are currently being provided by the Village's existing broker, Alliant/Mesirow Insurance Services.

FINANCIAL IMPACT: The recommendation presented below represents a 7.1% decrease in the overall cost as compared to the Village's existing program. This includes the cost to purchase the three lines of coverage outside the pool. As stated above, if the pool's loss fund is not exhausted in a given year, the Village would also benefit from potential reimbursement of loss fund balances (current annual contribution of \$93,000 per year). Therefore, a potential annual savings of 35.6%, or a percentage thereof, from the existing program may be realized, depending on loss expenses incurred by the pool.

RECOMMENDATION: Staff recommends approval of the attached ordinance authorizing participation in the SLIP insurance pool for a total fixed cost of \$360,373 for the policy year of January 1, 2019 through January 1, 2020.

VILLAGE OF HOFFMAN ESTATES

**AN ORDINANCE APPROVING THE ESTABLISHMENT AND
MEMBERSHIP OF THE VILLAGE OF HOFFMAN ESTATES
IN THE SUBURBAN LIABILITY INSURANCE POOL**

WHEREAS, Article VII, Section 10 of the Constitution of the State of Illinois authorizes units of local government to contract or otherwise to associate among themselves in any manner not prohibited by law or by ordinance; and

WHEREAS, the Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*, authorizes and encourages public agencies to exercise any power or powers, privileges or authority which may be exercised by such public agency individually and jointly with any other public agency in the State; and

WHEREAS, the Intergovernmental Cooperation Act in furtherance of the provisions contained with Article VII, Section 10 of the Constitution, authorizes an intergovernmental contract which, among other undertakings, allows public agencies to jointly self-insure and authorizes each public agency member of the contract to utilize its funds to protect, wholly or partially, any public agency member of the contract against liability or loss in the designated insurable area; and

WHEREAS, since 1985, the Village and other area municipalities previously created and caused themselves to become jointly self-insured as part of the High-Level Excess Liability Pool (“HELP”) in order to reduce and manage insurance costs, using conventional insurance and a protected self-insurance package to insure against property and liability losses (Ord. No. 1801-1986), which Pool was dissolved on April 30, 2018; and

WHEREAS, since April 30, 2018, the Village has replaced this layer of coverage using the standard insurance market, and once again seeks to undertake with other public agencies to contract against liability or loss through establishment of the Suburban Liability Insurance Pool (“SLIP”) as an intergovernmental insurance cooperative in which the Villages of Hoffman Estates, Elk Grove, Buffalo Grove and the City of Highland Park will be the founding members (“Members”); and

WHEREAS, the Members have developed an intergovernmental agreement and bylaws (collectively, the “*SLIP Agreement*”) to establish the SLIP and to set forth procedures for the joint purchase of insurance coverage, and claims administration and risk management services for the Members; and

WHEREAS, self-insurance pools have successfully served the needs of Illinois governmental bodies since at least January 1, 1979; and

WHEREAS, the Corporate Authorities of this public body have determined that it is in the best interest of the Village and its residents to become a Member of SLIP and to approve the SLIP Agreement;

NOW, THEREFORE, BE IT ORDAINED by the President and the Board of Trustees of the Village of Hoffman Estates, Cook and Kane Counties, Illinois, as follows:

Section 1: That the Village President and the Village Clerk are hereby authorized to execute on behalf of the Village the Suburban Liability Insurance Pool Intergovernmental Agreement, in substantially the form attached to this Ordinance as Exhibit 1, to create this high level excess liability pool effective January 1, 2019 and to authorize the Village’s membership therein.

Section 2: That the powers of SLIP, unless the Agreement and By-laws be amended, shall be limited to those contained within the SLIP Agreement and By-Laws approved herein.

Section 3: That the commencement of the operations of SLIP and the obligation of this municipality to fully participate in such operation shall be effectuated in accordance with said Agreement and By-Laws.

Section 4: That the Corporate Authorities acknowledge and agree that, as a Member of the SLIP, the Village will be responsible for its financial obligations to SLIP and will carry out its other obligations and be entitled to the benefits of SLIP, in accordance with and pursuant to the Agreement.

Section 5: That except to the extent of the limited financial contributions to SLIP set forth in the Agreement and By-Laws, the Village of Hoffman Estates by its entry as a Member of SLIP shall not be held responsible in any way for the claims in tort made against any other Member of SLIP; and its financial obligations are limited to the payment of claims above the self-insured retention with claims and costs below this amount individually assumed, respectively, by each Member.

Section 6: The Corporate Authorities hereby appoint the Village's Director of Finance to be its official representative to the SLIP Board, and _____ to be the official alternative representative of the Village to the SLIP Board.

Section 7: The Village Manager is hereby authorized to execute such other documentation as is necessary to effectuate and carry out the obligations of membership of the Village in SLIP.

Section 8: This Ordinance will be in full force and effect from and after its passage and approval.

PASSED THIS _____ day of _____, 2018

VOTE	AYE	NAY	ABSENT	ABSTAIN
Trustee Karen V. Mills	_____	_____	_____	_____
Trustee Anna Newell	_____	_____	_____	_____
Trustee Gary J. Pilafas	_____	_____	_____	_____
Trustee Gary G. Stanton	_____	_____	_____	_____
Trustee Michael Gaeta	_____	_____	_____	_____
Trustee Karen Arnet	_____	_____	_____	_____
President William D. McLeod	_____	_____	_____	_____

APPROVED THIS _____ DAY OF _____, 2018

Village President

ATTEST:

Village Clerk

Published in pamphlet form this _____ day of _____, 2018.

EXHIBIT A

SLIP AGREEMENT

HOFFMAN ESTATES

Fixed Costs	2018- 2019	2019- 2020
	Expiring Standalone Program Pricing	SLIP Pricing
Package (Including Property, General Liability, Auto Liability, Public Officials Liability, Law Enforcement Liability, Employee Benefits Liability and Crime	\$ 269,878	\$ 106,734
Excess Property \$500,000,000	N/A	\$ 34,068
Boiler & Machinery	Included	\$ 5,540
Excess Liability \$11,000,000 xs \$2,000,000	\$ 82,239	\$ 45,882
Cyber/Identity Theft	\$ 20,762	\$ 17,728
Excess Crime	Included	\$ 3,418
Third-Party Claims Administration Fee - CCMSI	\$ 30,695	\$ 10,003
Risk Management Fee	Included	\$ 42,000
Terrorism	\$ 11,517	N/A
Operations Fee	N/A	\$ 2,000
Total Fixed Costs	\$ 415,091	\$ 267,373
	% Change	-35.59%
Variable Costs	2018- 2019 Expiring	2019- 2020 SLIP Pricing
Loss Fund – Package	N/A	\$ 93,000
Total Program Cost	\$ 403,574	\$ 360,373
	% Change	-10.70%

*Total Cost with ASC = \$353,831

Hoffman Estates Deductibles	2018- 2019 Expiring Standalone Program	2019-2020 SLIP Deductibles
Property	\$ 100,000	\$ 100,000
APD- Comp/Coll	\$ 100,000	\$ 100,000
Boiler & Machinery	\$ 100,000	\$ 10,000
General Liability	\$ 100,000	\$ 100,000
Employee Benefits	\$ 100,000	\$ 100,000
Auto Liability	\$ 100,000	\$ 100,000
Public Officials Liability	\$ 50,000	\$ 50,000
Employment Practices	\$ 50,000	\$ 50,000
Law Enforcement	\$ 100,000	\$ 100,000
Crime	\$ 5,000	\$ 5,000
Terrorism	\$ 11,000	N/A
Cyber Liability	\$ 15,000	\$ 10,000

Hoffman Estates		SLIP
Property		
Building & Per. Prop.	Per Schedule	\$ 501,000,000
Mobile Equipment	Per Schedule	\$ 501,000,000
Earthquake	\$ 25,000,000	\$ 25,000,000
Flood	\$ 25,000,000	\$ 25,000,000
Business Income	\$ 7,500,000	\$ 5,000,000
Boiler & Machinery	Per Schedule	\$ 150,000,000
Auto Physical Damage	Per Schedule	per total TIV schedule
General Liability		
Occurrence	\$ 12,000,000	\$ 13,000,000
Aggregate	\$ 14,000,000	\$ 13,000,000
Failure to Supply	\$ 12,000,000	\$13,000,000
Sexual Abuse	\$ 12,000,000	\$ 13,000,000
Employee Benefits	Included in GL	\$ 13,000,000
Auto Liability	\$ 2,000,000	\$13,000,000
Public Officials Liability	\$ 12,000,000	\$13,000,000
Employment Practices	\$ 12,000,000	\$13,000,000
Law Enforcement	\$ 12,000,000	\$13,000,000
Crime	\$ 500,000	\$ 5,000,000
Cyber Liability	\$2,000,000 Occ \$2,000,000 Agg	\$3,000,000 Occ per member \$10,000,000 Pool Agg
Terrorism	\$1,000,000 (GL)	N/A

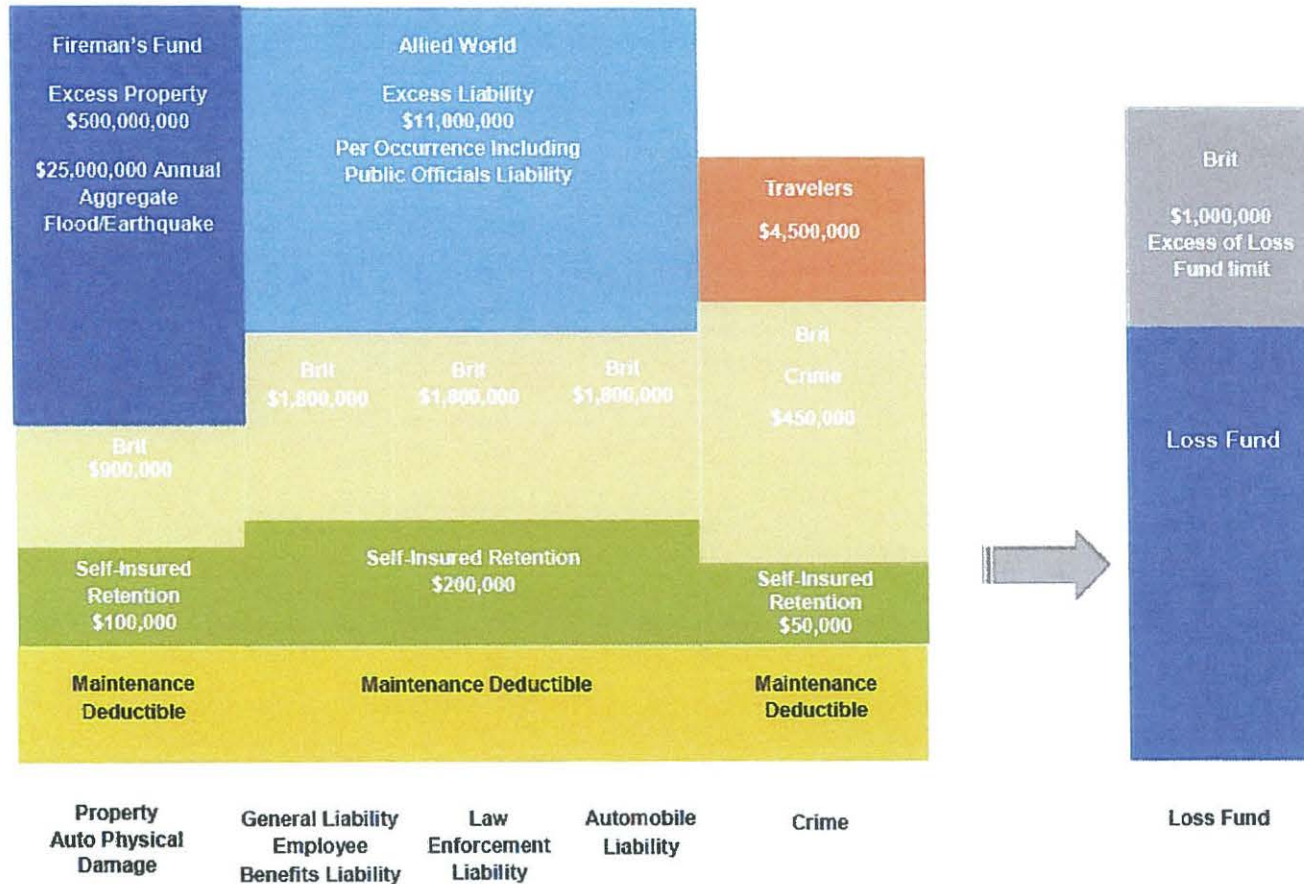
Coverage	Expiring Premium	SLIP Premium
All Village property including Sears Centre	Included	Included
General Liability	Included	Included
Law Enforcement Liability	Included	Included
Employee Benefits Liability	Included	Included
Crime	Included	Included
Total Package Premium	\$ 269,878	\$ 106,734
Excess Property	N/A	\$ 34,068
Boiler & Machinery	Included	\$ 5,540
Excess Liability	\$ 82,239	\$ 45,882
Cyber/Identity Theft	\$ 20,762	\$ 17,728
Excess Crime	Included	\$ 3,418
Loss Fund (Variable Cost)	N/A	\$ 93,000
Third-Party Claims Administration Fee	\$ 30,695	\$ 10,003
Operations Fee	N/A	\$ 2,000
Risk Management Fee	Included	\$ 42,000
Total Program Cost for SLIP	\$ 403,574	\$ 360,373
Standalone Coverage Separate from SLIP Program		
Liquor Liability	\$ 1,700	\$ 1,700 *
Pollution Liability - Underground Storage Tanks	\$ 1,704	\$ 1,704 *
Terrorism	\$ 11,517	\$ 11,517 *
Surety Bonds	varies	varies *
Workers Compensation	\$ 92,894	\$ 92,894 *
Total	\$ 107,815	\$ 107,815 *
Total Insurance Spend	\$ 511,389	\$ 468,188

*this is expiring policy premiums

Suburban Liability Insurance Program

Premier Public Entity Package – Excluding Workers Compensation

2019 PROTECTED SELF-INSURANCE STRUCTURE



Note: The SIR is a per occurrence retention. Only one retention applies in the event of a multiple coverage part loss.

SUBURBAN LIABILITY INSURANCE POOL
INTERGOVERNMENTAL AGREEMENT AND BYLAWS

Effective January 1, 2019

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**SUBURBAN LIABILITY INSURANCE POOL
INTERGOVERNMENTAL AGREEMENT AND BYLAWS**

This Agreement and related Bylaws (hereinafter “Agreement”) is effective this 1ST day January of 2019, by and among the Boards of each unit of local government listed on Appendix A hereto, each of which may be referred to hereinafter as a “Member” and which, collectively, may be referred to hereinafter as the “Members”.

WHEREAS, the Illinois Constitution (Ill. Const., Art. VII, Sec. 10) (the “Constitution”) authorizes units of local government to associate among themselves to obtain or share services and exercise any power or function in any manner not prohibited by law or ordinance;

WHEREAS, the Intergovernmental Cooperation Act (5 ILCS 220/1 et seq.) (the “Intergovernmental Act”) authorizes units of local government to exercise jointly any powers, privileges, functions or authority that each unit may exercise, unless specifically and expressly prohibited by law;

WHEREAS, the Intergovernmental Act provides that intergovernmental agreements may authorize units of local government to jointly self-insure, and to establish and pay funds into a joint insurance pool to protect themselves against liability or loss (5 ILCS 220/6);

WHEREAS, the Members are such units of local government as defined in the Constitution and are local public entities as defined by the Local Governmental and Governmental Employees Tort Immunity Act, 745 ILCS 10/1-206 (“Tort Immunity Act”);

WHEREAS, each Member has the power, under Sections 9-103 and 9-107(b) of the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/9-103 and 10/9-107(b)), to protect itself against liability or loss through risk management programs, including insurance, individual or joint self-insurance, and educational, inspectional, and supervisory services directly relating to loss prevention and loss reduction;

WHEREAS, it is in the public's best interest that the Members reduce their costs of risk management and administration by joining together to establish an intergovernmental pool for the purposes of establishing, implementing and maintaining a joint self-insurance program, obtaining insurance, and conducting related educational loss prevention and loss reduction programs;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the Members hereby agree as follows:

ARTICLE I
Establishment and Purpose of Intergovernmental Pool

1.1 The Suburban Liability Insurance Pool (the "Pool" or "SLIP") is hereby established pursuant to this Agreement and in accordance with the provisions of the Constitution and the Intergovernmental Act.

1.2 The purpose of the Pool is to jointly provide or obtain casualty, property, employer liability, workers compensation, general liability, risk management, professional liability, group coverage and other protections for the Members, pursuant to this Agreement. The Pool shall administer, investigate, adjust and process claims against the Members within such coverages and other protections, but shall not itself offer, provide or guarantee such coverages and other protections. Nothing contained in this Agreement, nor participation in this Pool, constitutes the business of insurance nor a waiver of immunities or defenses provided in the Tort Immunity Act or any other similar and applicable Illinois laws or statutes. The Pool shall also carry out claim, accident and risk management programs and educational programs as may be

authorized by its Members from time to time in accordance with the provisions of the Agreement.

1.3 The creation of an Account(s) pursuant to this Agreement is not intended by the Members to constitute the transaction of an insurance business within the State of Illinois. The intent of the Members is to establish similar or uniform insurance and self-insurance coverage and protections and to utilize the Pool to achieve favorable costs of administration by providing similar services to all of the Members.

1.4 The Members also intend, by the creation of the Pool, to allow a Member to equalize annual fluctuations in self-insurance and excess insurance costs by establishing a program through the Pool whereby reserves may be created to ultimately equalize the risks and stabilize the costs of providing the types of insurance and protections as stated herein.

ARTICLE II **Definitions**

In addition to the terms defined elsewhere in this Agreement, each of the following terms shall have the meaning set forth below:

2.1 ACCOUNT - A fund of money established by and for the Members to establish and maintain a Loss Fund and to provide money for the payment of the expenses of the Pool, including but not limited to premiums, claims, defense fees and costs, judgments, settlements and the other necessary expenses of the Pool to enable the Pool to carry out its business and provide programs approved by the Board and the Executive Committee.

2.2 ADMINISTRATOR - The individual or entity selected by the Executive Committee to administer the day-to-day business affairs of the Pool and to carry out the obligations imposed, or as directed, by the Executive Committee or the Board.

2.3 ANNUAL CONTRIBUTION - The amount of money determined by the Administrator and the Executive Committee to be due annually from each Member to fund the Account(s) and Loss Fund(s), and to pay a Member's portion of any premiums, claims, defense fees and costs, judgments, settlements and other necessary expenses of the Pool.

2.4 BOARD or POOL BOARD - The collective group of persons selected, designated or appointed individually by each Member to represent that Member and to act on behalf of each respective unit of local government as may be required pursuant to this Agreement and as established pursuant to Article V of this Agreement. The terms "Pool Board" and "Board" may be used herein interchangeably.

2.5 CHAIR - The person elected by the Executive Committee from among the Representatives on the Executive Committee to serve for a term of not less than two years and to act as the Chief Executive Officer of the Pool.

2.6 COVERAGE - The provisions, insurance protections and programs provided for or consistent with this Agreement and approved by the Executive Committee, including those that may, in addition, be selected by each Member annually in accordance with this Agreement.

2.7 EFFECTIVE DATE – January 1, 2019.

2.8 EXCESS INSURANCE – The amount and type of insurance protection determined to be sufficient and economically available to the Pool which is in excess of the self-insured retention maintained by the Pool and the premium which is payable from the Loss Fund(s).

2.9 EXECUTIVE COMMITTEE – The Executive Committee selected pursuant to Section 3.4 of this Agreement.

2.10 FOUNGING MEMBERS – The Founding Members are those Members listed in Appendix A.

2.11 LOSS FUND – The amount required annually to be maintained by the Pool to pay claims, defense fees and costs, judgments, settlements and other expenses of the Pool as determined by the Board.

2.12 MEMBER – A unit of local government that has been admitted into the Pool pursuant to this Agreement and that has neither withdrawn nor been expelled. All Members of the Pool after January 1, 2019 shall be listed on Appendix D which may be revised from time to time and which shall not require a formal amendment to this Agreement.

2.13 OFFICERS – The Officers of the Pool are the Chair, Vice-Chair, Treasurer, and Secretary, and such other offices as may be established from time to time by the Board. All Officers shall be selected by and among the Representatives.

2.14 OFFICIALS – The Officials of the Pool are the Administrator, legal counsel and such other positions as may be established from time to time by either the Board or Executive Committee. No Official of the Pool shall be entitled to vote on any issue unless that person is also a Representative.

2.15 PROGRAM YEAR – The twelve month period commencing on January 1, 2019, to and ending on December 31, 2019, and annually thereafter from each January 1 to the next December 31.

2.16 QUORUM – A majority of Members shall constitute a Quorum of the Board. A majority of Executive Committee Members shall constitute a Quorum of the Executive Committee.

2.17 REPRESENTATIVE – The chief administrative officer of, or the designee selected or appointed by, each respective Member to serve on the Board.

2.18 SECRETARY – The Executive Committee Member or other person designated by the Executive Committee to record, hold and retain the minutes of all Pool meetings, to maintain all records of the Pool, to provide all Notices required for the operation of the Pool and such other functions as are assigned to and duties incident to the office of the Secretary.

2.19 SELF-INSURED RETENTION – The first dollar amount as determined by the Pool to be paid only from the annual Loss Fund for Member claims pursuant to the terms and conditions of coverage. The Self-Insured Retention is not, and shall not be deemed, insurance.

2.20 TREASURER – The person or entity selected to be the principal financial officer of the Pool to collect, hold, invest and distribute the funds of the Pool, to sign all disbursements and payments with the Chair, and to perform such other financial duties as may be assigned from time to time by the Board or Executive Committee .

2.21 VICE-CHAIR – The person elected by the Executive Committee from among its Committee Members to carry out all duties of the Chair in the event the Chair is absent, is unable to or refuses to perform the duties of that office.

ARTICLE III **Board/Executive Committee**

3.1 Management of Pool. The affairs and activities of the Pool shall be controlled and managed by and under the direction of the Board. The Board shall have the authority to act on behalf of the Pool, and shall take all appropriate actions and perform all duties required to operate and administer the Pool and otherwise accomplish the purposes of the Pool. The Board may delegate its duties and authority to any committee of the Board or to the Administrator, except as otherwise reserved to the Board by law or this Agreement. The Board shall hold all

assets, take all action and be responsible for all action taken hereunder in the name of and for the benefit of the Pool.

3.2 Board Composition. The Board shall consist of one designated Representative selected by each Member. Each Member shall notify the Chair and Secretary of the Pool of its designated Representative. Once so named by the Member, that person shall continue as the Representative until removed by the Member or another person is appointed by the Member. Each Representative shall serve on the Board until removed or replaced, or until he or she resigns. Each Member may designate an alternate Representative to serve on the Board in the absence of the designated Representative. A Representative shall be deemed to have resigned from the Board immediately upon (a) the Representative no longer being employed by the Representative's Member for any reason, or (b) the termination, resignation or expulsion of the Member. A Representative may be removed for cause by a two-thirds (67%) vote of the Board. Cause shall include, but is not limited to, the basis for Member expulsion as defined in Article XIII, Section 13.1. With the exception of Member expulsion, each Member shall have the authority to designate a new Board Representative due to resignation, removal or other inability to further serve on the Board.

3.3 The following shall require a majority approval of the Board:

- a) Amendments to this Agreement;]
- b) The annual Pool budget and any supplements or amendments thereto;
- c) The Annual Pool Insurance Program ;
- d) Selection of the Executive Committee Members subject to all of the provisions herein;
- e) The admission of new Members; and

f) Other matters requiring a vote of the Board as set forth in this Agreement.

3.4 Executive Committee Composition. The Executive Committee shall consist of not more than nine (9) Representatives selected from the Board, selected by a vote of the Board initially and annually as their term of office on the Executive Committee expires, to act collectively on behalf of the Pool to carry out the purposes and enforce the terms of this Agreement, between the meetings of the Board, and shall include the Chair, Vice-Chair, Secretary, Treasurer, Administrator, and such other persons selected by the Executive Committee to carry out its functions. However, in the event the Treasurer, Administrator or such other person is not also a Representative, such person shall be a non-voting member of the Executive Committee.

The initial Executive Committee shall consist of a Representative from each of the Founding Members listed in Appendix A. Those persons serving on the initial Executive Committee shall continue in their position for a period of three (3) years following the Effective Date. The number of terms that a Representative may serve on the Executive Committee is not limited. All members of the Executive Committee whose terms expire are eligible for re-election. Once the membership on the Executive Committee reaches nine (9) and the initial three (3) years of the Pool have passed, the Executive Committee shall be divided into terms of office by lot of the then-members of the Executive Committee or any new member selected to replace a then-current member to create five (5) three (3) year terms and four (4) two (2) year terms for the members of the Executive Committee. Upon expiration of these terms, an elected member of the Executive Committee shall then serve for a period of three (3) years to maintain staggered terms of office on the Executive Committee. The qualified Representative receiving the highest number of votes for each of the openings on the Executive Committee shall be declared the winner and shall

take office immediately upon their selection to the Executive Committee. The Executive Committee may appoint a Representative to fill any Executive Committee position vacated during a term of office to serve in the vacated position until the end of the term. One Representative of each Member is eligible to run for any expiring term on the Executive Committee.

3.5 Executive Committee Duties

The Executive Committee duties shall include, but are not limited to the following:

- (a) Select agents, employees, independent contractors, an insurance consultant, claims administrator, attorney(s), auditor(s) and such other person(s) as may be necessary to administer and accomplish the purposes of and to conduct the business matters of the Pool, including enforcement of the provisions of this Agreement and all procedures and protocols adopted for the operation of the Pool; provided, however, that neither the Board nor the Executive Committee shall have the authority to enter into any collective bargaining agreement;
- (b) Carry out educational and other programs relating to safety, risk management, accident or other claims reduction;
- (c) Direct the collection and payment of Annual Contributions or funds to be used for the purpose of the Pool and the providing of Coverages hereunder;
- (d) Cause to be purchased property, casualty, liability, excess, and other types of employer liability, workers compensation, professional or other insurance coverages for the benefit of the Members, and as recommended to the Board by the Administrator or by the Executive Committee;
- (e) Adopt policies, recommend changes in policy, establish additional offices, and create additional committees;

(f) Determine the compensation for all agents, employees and independent contractors of the Pool;

(g) Recommend Member suspension and expulsion hearings;

(h) Prepare and submit for approval an annual budget;

(i) Prepare and submit periodically to each Member a summary of covered claims filed and claims paid on behalf of each Member;

(j) Obtain and furnish to each Member annually an audited report of the financial affairs of the Pool, prepared by a certified public accountant at the end of each Program Year in accordance with generally accepted accounting principles or other standards applicable to annual audits;

(k) Procure fidelity or surety bonds for employees or other persons as required by this Agreement or by law;

(l) Carry out such other activities as are necessarily implied or required in order to carry out the purposes of the Pool as specified in Article I or the specific activities enumerated in this Article III which are not otherwise reserved to the Board.

3.6 The Executive Committee, between the meetings of the Board, and as otherwise provided from time to time by resolution passed by the Board, shall have and may exercise all powers of the Board in the management of the business and affairs of the Pool, other than those actions requiring a vote greater than a majority of the Board or exclusively restricted to the sole authority of the Board. An Executive Committee Member may vote by written proxy on all matters coming before the Executive Committee provided to the Chair or Vice Chair in advance of the meeting and specifying the extent of the proxy given.

3.7 No one serving on the Board or Executive Committee shall receive any salary, compensation or other expenses from the Pool. Any salary, compensation, payment or expenses for such Representative shall be paid by each Member separate from this Agreement; provided, however, that if the Administrator is also a Representative, the Board may provide for compensating the Administrator for services, or if the Administrator is also an employee of a Member, the Board may provide for reimbursing such Member for the Administrator's service to the Pool; provided, further, however, that the Chair or any other Executive Committee Member may submit direct expenses reasonably incurred for Pool business for approval, and be reimbursed for expenses incurred in the pursuit of his/her position as Chair or a member of the Executive Committee (as the case may be). Reimbursement for such expenses shall include amounts advanced on behalf of the Pool either by the Executive Committee Member or by a Member and shall be in accordance with procedures and policies established by the Pool and consistent with the terms of this Agreement.

3.8 The Executive Committee shall engage an Administrator who may be an individual or an entity. The Administrator shall be a member of the Executive Committee, but shall not have any voting rights on matters coming before the Board or Executive Committee.

ARTICLE IV
Commencement/Continuation of the Pool

4.1 Each Member, upon joining the Pool, shall be bound to this Agreement as of the Effective Date regardless of when said Member may actually execute a duplicate copy of this Agreement or the signature page. Each Member shall execute the signature page for their respective Member and take all formal action by vote or resolution of its board to become a Member of the Pool. Failure of the Member to execute the signature page within thirty (30) days of receiving coverage from the Pool shall bind the Member to this Agreement as though it was

fully executed unless within said period of time, the Member notifies the Executive Committee, in writing, of its intent not to execute the signature page(s). In the event of such notice, the Member shall be considered to have withdrawn as of the Effective Date subject to the terms hereof for a withdrawing Member.

ARTICLE V
Meetings of Board/Executive Committee and Terms of Office

5.1 The Board shall meet no less than annually which meeting shall be conducted prior to the commencement of each new Program Year.

5.2 The Executive Committee shall meet as often as necessary to conduct the business and to carry out the business obligations of the Pool, but shall meet no less than twice per year.

5.3 A Representative's term of office as a Board Member is not limited except that the individual designated as the Member Representative must meet the qualifications for a Representative as defined in this Agreement to serve on the Board.

5.4 If a Representative elected to the Executive Committee should resign, be removed or otherwise vacate their Executive Committee position, the Executive Committee shall appoint, if possible, a replacement from among the Representatives for the vacant Executive Committee position for the remainder of the term vacated. If the Representative resigning, being removed or otherwise vacating is the Chair, Vice-Chair, Secretary or Treasurer, then the Executive Committee shall select a replacement from among the existing members of the Executive Committee prior to appointing a Representative to fill the vacant Executive Committee position.

5.5 Special meetings of the Board or Executive Committee may be called on 48 hours' notice by the Chair, or by Representatives or by members of the Executive Committee respectively, for each body, totaling not less than twenty percent (20%) of the Members for a special meeting of the Board or by any two members of the Executive Committee for a special

meeting of the Executive Committee. An agenda specifying the subject of any special meeting shall accompany such notice. Business conducted at special meetings shall be limited to those items specified in the agenda unless two-thirds (2/3) of the members in attendance agree to consider a matter not on the agenda.

5.6 Seven (7) days written notice of regular meetings of the Board shall be given to Members, and reasonable notice shall be given to each member of the Executive Committee, before any regular meeting of the Executive Committee. The time, date and location of regular meetings of the Board shall be determined by the Executive Committee or Board. Regular meetings of the Executive Committee shall be determined by the Executive Committee. An agenda specifying the subject of any regular meeting shall accompany such notice.

5.7 Each Member shall be entitled to one vote on the Board through its Representative. No member of the Executive Committee shall be entitled to any greater vote by reason of said position. Proxy votes for a Member shall be permitted. Voting and meeting attendance of the Board and Executive Committee by electronic means shall be allowed.

5.8 The Board and Executive Committee may establish rules, policies and procedures governing their respective conduct consistent with this Agreement and in accordance with acceptable parliamentary procedure. Voting shall be by voice vote or in any other manner established by the Board or Executive Committee prior to voting on any matter unless not less than twenty percent (20%) or more Members of the Board or Executive Committee in attendance request a roll call vote. However, any vote that requires a greater than majority vote for passage shall be by roll call vote, and in the event that there are any negative votes or abstentions relating to the authorization of an expenditure of funds, the names of the Board Members or Executive

Committee Members so voting shall be specifically noted pursuant to Board policy. All expenditures shall require a roll call vote.

5.9 Minutes of all regular and special meetings shall be available to each Member and a copy provided prior to the next scheduled meeting.

5.10 All meetings shall be conducted in a manner required by law and this Agreement. In the event of a conflict between this Agreement and any applicable law, this Agreement shall be deemed modified to the extent necessary to comply with such law.

ARTICLE VI **Pool Officers and Officials**

6.1 The Chair shall be the chief executive officer of the Pool and shall be assisted by the Administrator in supervising and controlling the day-to-day operations of the Pool and shall carry out the purposes of the Pool as directed by the Board or Executive Committee. The Chair may serve for not more than two consecutive three (3) year terms. The duties and authority of the Chair shall include the following:

- a) To preside over all meetings of the Board and of the Executive Committee at which the Chair is present;
- b) To sign on behalf of the Pool, along with the Treasurer, any instrument which the Board, or Executive Committee has authorized to be executed and, in general, to perform all duties incident to the office of a chief executive as such duties may be prescribed by the Board or Executive Committee from time to time consistent with this Agreement;
- c) To make recommendations regarding policy decisions, the creation of other Pool offices, and the employment of agents, employees and independent contractors;
- d) To oversee the preparation of a proposed annual budget for the Pool;
- e) Within the constraints of the budget recommended by the Executive Committee and approved by the Board, to direct the Treasurer to make distributions from the Account for payment of premiums, claims and expenses and the administrative expenses of the Pool; and

f) At each regular meeting of the Board, and at such other times as requested to do so by the Board or Executive Committee, to present a full report of the fiscal condition of the Pool.

6.2 The Vice-Chair shall carry out all duties of the Chair during the absence or inability of the Chair to perform such duties and shall carry out such other functions as are assigned from time to time by the Executive Committee.

6.3 The Treasurer shall be a Representative and shall be considered the chief financial officer of the Pool. The Treasurer shall carry out the fiscal and financial business of the Pool as directed by the Board or Executive Committee, or pursuant to Board policy. The duties and authority of the Treasurer shall be the following:

- a) To sign, along with the Chair on behalf of the Pool, all checks and any instrument which the Board or Executive Committee have authorized to be executed and, in general, to perform all duties incident to the Office of Treasurer, and such other duties as may be prescribed by the Board or Executive Committee from time to time consistent with this Agreement;
- b) To assist the Chair and Administrator in preparing a proposed annual administrative budget and to submit such proposal to the Board for approval;
- c) At each regular meeting of the Board, and at such other times as requested to do so by the Board or Executive Committee, to present a full report of his/her activities and the fiscal condition of the Pool;
- d) To have charge and custody of and be responsible for all funds and securities of the Pool; receive and give all receipts for moneys due and payable to the Pool from any source whatsoever; deposit all such moneys in the name of the Pool in such banks, savings and loan associations or other depositories as shall be selected by the Board or Executive Committee establish accounts and letters of credit at such banks or other depositories; invest the funds of the Pool as are not immediately required in such accounts, deposits or securities as the Board shall specifically or generally select from time to time; and maintain the financial books and records of the Pool;
- e) Disburse Pool funds pursuant to this Agreement, with a full report made to the Executive Committee and to the Board as directed;

f) Invest the Annual Contributions and funds of the Pool, from time to time, in accounts and with institutions regularly permitted for local public entities in the State of Illinois or pursuant to any Board policy and in compliance with Illinois law; and

g) In general, perform all duties incident to the Office of Treasurer and such other duties as may be prescribed by the Board or Executive Committee from time to time consistent with this Agreement.

6.4 In the absence of the Treasurer, or in the event of the inability or refusal of the Treasurer to act, the Chair or an individual or entity appointed by the Chair and approved by the Executive Committee may perform the duties of the Treasurer and, when so acting, shall have all of the powers of and be subject to all of the restrictions upon the Treasurer.

6.5 The Secretary shall be the records custodian of and responsible for maintaining all of the records and documents pertaining to the affairs of the Pool, and shall:

a) Take or cause to be taken all minutes of all meetings of the Board and Executive Committee;

b) Maintain a copy of all minutes, resolutions, contracts, correspondence (electronic or otherwise) pertaining to the Pool;

c) Maintain a list of the Members and Representatives of each Member and all addresses, telephone numbers and emails of such Member/Representative;

d) Present all minutes for approval to the Board and Executive Committee;

e) Send all notices required to be sent by the Pool; and

f) Such other duties as are customarily performed by a secretary for an association and as may be assigned to the Secretary from time to time by the Board or Executive Committee.

6.6 The Administrator shall assist the Executive Committee in the performance of the day-to-day activities of the Pool. The Administrator shall carry out all of the functions, duties and obligations agreed to in writing between the Pool and the Administrator and shall perform

such activities as may from time to time be prescribed by the Board or Executive Committee, including but not limited to:

- a) Prepare monthly reports to each Member on all claims filed and pay-outs made for or on behalf of that Member;
- b) Prepare a proposed annual administrative budget;
- c) Make recommendations to the Executive Committee regarding policy matters, procedures, and the creation of other Pool offices;
- d) Attend each regular meeting of the Board, Executive Committee and at such other times as requested to do so by the Board or Executive Committee, to present a full report of the activities of the Administrator; and
- e) Make recommendations to the Executive Committee and Board regarding insurance coverages, risk administration, allocations/charges to Members and other fiscal matters affecting or affected by the operations of the Pool.

6.7 The Chair, Vice-Chair and the Treasurer shall, before commencing their duties, execute a bond with a surety company authorized to do business in the State of Illinois, as surety, payable to the Pool and conditional upon the faithful discharge of their duties. The penalty of the surety bond shall be in an amount established by the Executive Committee and shall be increased or decreased from time to time whenever, in the judgment of the Executive Committee such increase or decrease is deemed necessary. The form of these bonds shall be that commonly used for treasurers or financial officials for local public entities and shall be paid for as an administrative expense of the Pool.

ARTICLE VII Account

7.1 Administration

The cost of administering the Pool shall be borne by each Member in direct proportion to the pro rata share of insurance costs for coverages administered by the Pool for that Member or

on such other reasonable basis as may be determined appropriate by the Board and consistent with this Agreement, including necessary and reasonable costs to operate the Pool. Whenever Annual Contributions or other payments to the Account for administrative expenses shall be based upon an estimate, each Member making such payments shall promptly receive a refund or pay a deficiency when actual figures become available. It is contemplated that the Account will contain a sufficient amount at all times to pay the administrative expenses of the Pool. The Account shall be under the authority of the Treasurer. The Account(s) shall be held and invested by the Treasurer consistent with Illinois law and statutes applicable to units of local government and consistent with Board policy.

7.2 Administrative Expense

Administrative expenses of the Pool shall include both operating costs and costs to fund the Loss Fund. These expenses shall be paid from the Account. Payments into the Account will be developed and administered in the following manner:

a) At least 60 days prior to the start of each Program Year, the Administrator or designated agent of the Pool will determine the amount of total payments from all of the Members necessary to fund anticipated expenses of the Pool. The factors to be considered in determining a Member's annual payment shall include the following:

- property values;
- number of vehicles owned or covered;
- population;
- size and scope of activities;
- budget;
- claim or loss experience;
- payroll;

- a property appraisal provided when becoming a Member of the Pool not more than five (5) years old and updated each five (5) years thereafter while the Member participates in the Pool;
 - premiums paid by the Pool, professional fees and expenses to operate the Pool and miscellaneous expenses determined by the Executive Committee to be necessary and reasonable to operate the Pool; and
 - such other information as may be reasonably needed and customarily used in the insurance industry for the purpose of evaluating the liability and loss protections for the Pool and operations of the Pool, on a form to be provided by the Administrator.
- b) The Administrator shall recommend and the Executive Committee shall determine how the total amount of anticipated expenses should be allocated among the Members consistent with the pro-rata sharing of expenses as set forth herein.
- c) The Board, at least 30 days prior to the start of each Program Year, shall approve the recommendations of the Executive Committee regarding the determination of total anticipated expenses and the manner in which such expenses shall be allocated among the Members.
- d) The Account will be administered during the Program Year as a single fund without regard to the level of expense for a particular Member.
- e) At the close of the Program Year, an accounting and any necessary true up will take place to determine whether a particular Member has received total coverage and paid all costs for such Member.
- f) Expenses in excess of the predetermined costs will, as a result, create a debit balance in the Account which will be taken into consideration in the determination of a Member's annual payments for the following Program Year, with short term deficits being made up over a period of years or by, assessment as determined by the Board.

7.3 Supplementary Payments

If, during any Program Year, the funds on hand in the Account are insufficient to pay expenses of administration of the Pool, the Pool shall require supplementary payment from all Members. Such payment shall be made in the same proportion as prior payment during that year

to the Pool and shall be due from each Member upon receipt of notification of the amount by the Administrator as approved by the Board.

7.4 Return of Surplus

In the event the Executive Committee recommends and the Board approves a return of surplus money or to return a portion as refund from the Loss Fund for any given Program Year, the amount of this return will be calculated based upon a pro-rata share of a Member's percent of contribution as a whole to the Pool's Loss Fund in the stated year or years for which the surplus return is applicable.

ARTICLE VIII Plan of Coverages, Exclusions

8.1 A Member may annually determine to change its scope of optional Coverages or adopt new or additional Coverages subject to the requirement to maintain certain mandatory property, casualty and liability coverage, but such change or new or additional Coverages shall not be binding on the Pool unless and until such change or new or additional Coverage(s) is approved to by the Board. A Member may on an annual basis adopt, cancel or change one or more coverages with the prior written approval of the Executive Committee which are to be administered under this Agreement except such coverage that is mandatory for a Member. Coverages that are mandatory are property, casualty and liability. The Administrator shall be notified of any such change or new or additional Coverages at least thirty (30) days prior to its effective date. It is the intent of the Pool to provide loss protection subject to any aggregate, excess or other coverages as set forth in **Appendix B** which may be revised from time to time by the Board and which shall not require a formal amendment to this Agreement. Such protection, subject to all insurance policies which may be obtained, shall not provide self-insurance or other protection for:

- a) Acts committed by a Member or any of its covered officials, employees, agents or personnel when acting outside the scope of their duties or authority;
- b) Punitive damages or punitive damage claims;
- c) Actions against any Member seeking solely injunctive, declaratory relief or administrative review;
- d) Award of attorneys' fees to opposing counsel or party;
- e) Lawsuit or claims arising solely as a result of the taxing authority of a Member;
- f) Actions based solely on a breach of contract between a Member and third-parties, except personal injury which would otherwise be covered under a Member's insurance coverage heretofore provided prior to commencement of the Pool;
- g) Criminal acts alleged against any elected, appointed or employed person;
- h) Claims arising out of labor, employee benefits or other employment matter other than worker's compensation as may be specifically included, and professional conduct only to the limited extent as may from time to time be included in the protections set forth in **Appendix B**;
- i) Other matters as may be determined by the Board or Executive Committee, or by insurance carriers providing Coverage to the Members.

ARTICLE IX
Purchase of Insurance

9.1 The Pool will cause to be purchased insurance from companies licensed and approved by the Illinois Department of Insurance to conduct insurance business in Illinois in the types and amounts required to meet the obligation and purpose of the Pool as established by this Agreement or as approved by Board from time to time.

9.2 Membership in the Pool shall not preclude any Member from purchasing any additional or optional insurance coverage in addition to that provided by the Pool. The Pool

shall, when requested, make its resources available to advise a Member of the types of additional or different insurance coverage available to its Members.

ARTICLE X
Obligations of Members

10.1 The obligations of each Member shall be as follows:

- a) To pay promptly all Annual Contributions and other payments to the Pool for the Account at such times and in such amounts as are established within the scope of this Agreement;
- b) To select promptly a Representative to serve on the Board and any successors to such Representative;
- c) To cooperate fully with the Administrator, any insurance consultant, claims administrator, the attorneys selected by or engaged by the Executive Committee, auditors and any agent, employee, officer or independent contractor of the Pool in any matter relating to the purpose and business of the Pool;
- d) To act promptly on all matters requiring approval by the Board and to not withhold such approval unreasonably or arbitrarily;
- e) To provide a physical property appraisal report not more than five (5) years old prior to becoming a Member, and to provide an updated physical property report every five (5) years after becoming a Member, which report shall not be more than five (5) years old unless some other period of time is required by a particular insurer providing property coverage to the Pool and its Members; and
- f) To assure that the Representative attends Board meetings, reviews and oversees the Member's compliance with the Risk Management Protocols and all obligations of the Member as set forth in this Agreement.

ARTICLE XI
Liability of Board, Officers, Officials, Representatives

11.1 The Representatives, the officers and the officials of the Pool shall use ordinary care and reasonable diligence in the exercise of their authority and in the performance of their duties. They shall not be liable for any mistake or judgment or other action made, taken or omitted by them in good faith; nor for any action made, taken or omitted by any agent, employee

or independent contractor selected with reasonable care, nor for loss incurred through investment of Pool funds, or failure to invest in compliance with Illinois law. No Representative, officer or official shall be personally liable for any action taken or omitted in the good faith performance of their duties or activities on behalf of the Pool. No Representative shall be required to give a bond or other security to guarantee the faithful performance of their duties hereunder except as required by this Agreement or by law. The Account shall be used to defend and hold harmless any Representative, officer or official of the Pool for actions taken by the Board or Executive Committee or performed by the Representative, officer or official acting within the scope of their authority. The Pool may purchase insurance providing similar coverage for Representatives, officers and officials.

ARTICLE XII
Contractual Obligation

12.1 The obligations and responsibilities of the Members set forth in this Agreement and all protocols and policies adopted, from time to time, by the Board or Executive Committee, including the obligation to take no action inconsistent with this Agreement as originally written or validly amended, shall remain a continuing obligation and responsibility of each Member. This Agreement may be enforced in law or equity either by the Pool itself or by any Member. The consideration for the duties imposed upon the Members by this Agreement is based upon the mutual promises and agreements of the Members set forth herein and the advantages gained by the Members through reduced administrative costs for the procurement of casualty, property, employer liability, worker's compensation, general liability, risk management, professional liability, group coverage and other protections. In the event that the Board institutes a legal proceeding on behalf of the Pool against a Member to enforce any of the obligations and responsibilities of the Member under this Agreement, and obtains a judgment against such

Member in such proceeding, the Board shall be entitled to payment of its reasonable attorney's fees and costs in addition to any monetary, legal or equitable relief sought against the Member.

12.2 Except to the extent of the Annual Contributions or other financial contributions to the Pool which each Member has agreed to make, no Member agrees by this Agreement to be responsible for any claims of any kind against any other Member. The Members intend in the creation of the Pool to establish an organization for joint administration of claims protection within the scope as set forth in this Agreement only and do not intend to create between the Members any relationship of partnership, surety, indemnification or liability for the debts of or claims against another.

ARTICLE XIII
Expulsion of a Member

13.1 By a vote of two-thirds (2/3rds) of the Board, except the vote of the Representative from the Member whose expulsion is being voted upon, the Board may expel any Member from the Pool. Such expulsion, which shall take effect in the manner set out below, may occur whenever a Member:

- a) Fails or refuses to perform any obligation under this Agreement;
- b) Fails or refuses to make payments and supplemental payments when due to the Pool within forty-five (45) days of becoming a Member or receiving notice of any payment due the Pool;
- c) Activities by a Member found by the Executive Committee to be detrimental to the purpose or operation of the Pool; or
- d) Excessive claims that cause deficits or a detrimental impact on the financial integrity of the Pool.

13.2 No Member may be expelled except after notice from the Pool of the alleged failure and after a reasonable opportunity of not less than fifteen (15) days to cure the alleged failure or refusal by the Member and after being given the opportunity thereafter to be heard

before the Executive Committee. Immediate suspension pending a hearing may be imposed in the event the conduct of the Member is found by the Executive Committee to be a continuing threat or detrimental to the Pool.

13.3 The Executive Committee shall set the date for such hearing, which shall not be less than ten (10) days after expiration of the time to cure. The Executive Committee may appoint a hearing officer to conduct such hearing who shall make a recommendation to the Executive Committee based upon the hearing officer's findings of fact. If the hearing is conducted by a hearing officer or by the full Executive Committee, the Member may file a request for reconsideration of the expulsion by the Board which consideration shall not require a further hearing and may be conducted by submission of the findings and recommendation of the hearing officer and Executive Committee and any written submission by the Member. Such request shall be in writing and addressed to the Chair and shall be served on the Chair within ten (10) days of the decision to expel a Member. The decision to expel shall be final when approved by the Board and the time for any reconsideration period has expired (herein "Expulsion Date"). An expelled Member may not re-apply for admission to the Pool for a minimum of three (3) consecutive Program years following the Expulsion Date.

13.4 Following expulsion, the former Member shall continue to be fully liable for any payment due to the Account and any other unfulfilled obligation for the entire Program Year as if it was still a Member of the Pool.

13.5 The Pool shall have no obligation with respect to claims incurred or occurrences that happen under the Coverage of an expelled Member after the Expulsion Date.

13.6 The obligation of the Pool to administer claims incurred under the Coverage of an expelled Member prior to the Expulsion Date shall continue for such claims as may have been or

may be validly filed until their conclusion. Within sixty (60) days after the Expulsion Date, an accounting of the funds and expenses owed, if any, by or owing to said Member as of the Expulsion Date shall take place and any amount found to be owed by such expelled Member shall be immediately paid into the Account by such Member within thirty (30) days of notice. Any amount found to be owed to such Member, and all funds upon which a claim may be made, shall be held by the Pool until all such claims or potential claims against the Member are terminated. The Executive Committee shall provide a written statement to the Member through the Administrator, outlining any potential costs for possible future deficits that may occur for the years in which the Member participated in the Pool. The Pool shall have no responsibility whatsoever for any claim or potential claim occurring subsequent to the Expulsion Date.

ARTICLE XIV
Withdrawal from the Pool

14.1 A Member joining the Pool shall be required to maintain its membership in the Pool for an initial period of thirty-six (36) consecutive months or three (3) Program Years, whichever is longer. Following the end of the second Program Year, notice to withdraw may be given by a Member at the time and in the manner as set forth in this Agreement, or as authorized by law. Such notice remains subject to the provisions of Section 16.1. If a Member withdraws before the end of a Program Year, the Member remains responsible for its Annual Contribution and its pro rata portion of any other obligations or liabilities for the entire Program Year.

14.2 Subject to Section 14.1, a Member may withdraw from the Pool only upon the following terms:

- a) Provide written notice to the Administrator or Chair of the Pool of the Member's decision to withdraw;

- b) Such notice is to be given to the Pool not less than One Hundred Twenty day (120) days prior to the end of the then-current Program Year of the Pool;
- c) The Member shall have participated in the Pool for the minimum period required by this Agreement;
- d) The notice shall have attached thereto a true and correct copy of the written resolution or written motion adopted by the governing body of the Member authorizing the notice to withdraw. .

In no event shall such withdrawal be effective earlier than the close of the then current Program Year of the Pool.

14.3 The rights and duties of the Pool and the withdrawing Member shall be the same as those with respect to an expelled Member on and after the effective date of the withdrawal. Notwithstanding the provisions of this Article XIV, the Executive Committee or Board may, by a majority vote, excluding the vote of any withdrawing Member, shorten the period of time in which the withdrawal shall become effective.

14.4 A Member that has given its notice to withdraw in full compliance with the provisions of the Agreement may not withdraw the notice. In the event a Member wishes to continue its participation in the Pool after the notice has been given to the Pool, such Member shall re-apply to the Pool as a new member subject to all of the provisions of this Agreement. A withdrawing Member may not re-apply for admission to the Pool for a minimum of three (3) consecutive Program Years following the effective date of withdrawal.

ARTICLE XV **Termination of the Pool**

15.1 The Pool shall terminate upon the occurrence of any following events:

- a) A final determination by a Court of competent jurisdiction, after all appeals have been exhausted or time for appeal has expired, that the Pool is invalid or contrary to law;

b) The number of Members is not sufficient to support an insurance loss fund at the self-insured retention level established for the Pool in the amount as recommended by the Administrator and approved by the Executive Committee for the Pool;

c) The Board votes to dissolve and terminate the Pool by a two-thirds (2/3rds) vote.

15.2 Upon termination of the Pool, the rights and duties of the Pool to each Member and the rights and duties of each Member to the Pool and to each other shall be the same as those with respect to an expelled Member.

ARTICLE XVI
Miscellaneous

16.1 Notice.

Any notice required by this Agreement shall be in writing and shall be deemed to have been given when deposited in a United States Post Office and sent by registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

a) If to the Pool, addressed to:

The Chair of the Executive Committee at the address of the Member where the Chair is an official or employed.

b) If to the Member, addressed to:

The Representative for the Member at the address provided to the Pool by the Member or to the principal office of the Member's administration/commission.

16.2 Admission of New Members.

The Member application shall be on a form prescribed by the Pool. Admission of new members shall be decided pursuant to Board policy. A Member shall be required to remain in the Pool for a minimum period of three (3) consecutive Program Years after admission subject to the provisions of Article XIV unless the Pool is terminated prior to the expiration of such period.

Said three (3) year commitment is required regardless of the term of any protection provided through the Pool and subject to all other provisions of this Agreement.

If a Member decides to participate in optional coverage protection offered by the Pool in addition to the mandatory coverages such optional coverage shall also be for a minimum period of three (3) consecutive Program Years commencing on the effective date of such coverage. No optional coverage is available unless the Member participates in the mandatory coverages. The inclusion of any additional coverage after the Member is admitted to the Pool shall extend the period of mandatory participation in the mandatory coverages for the minimum period required for the additional coverage.

16.3 Section Headings.

The section headings inserted in this Agreement are for convenience only and are not intended to, and shall not be construed to limit, enlarge or affect the scope or intent of this Agreement or the meaning of any provision hereof.

16.4 Applicable Law.

This Agreement shall be enforceable by or against a Member or the Pool solely in the courts in Illinois having proper jurisdiction and venue of the parties. This Agreement shall be construed solely under the applicable law of the State of Illinois.

16.5 Validity and Savings Clause.

In the event any provision of this Agreement shall be declared by a final judgment of a court of competent jurisdiction to be unlawful, unconstitutional or invalid as applied to any Member, the lawfulness, constitutionality or validity of the remainder of this Agreement shall not be deemed affected thereby.

16.6 Counterparts.

This Agreement, and any amendments thereto, may be executed in any number or separate counterparts on a form similar to **Appendix C** attached hereto which taken together shall constitute a single instrument.

16.7 This Agreement shall be binding on each of the Members and any successor Member thereof.

IN WITNESS WHEREOF, the Boards of each Member have caused this Agreement to be executed by their fully authorized officers on a signature page for each Member in the form attached hereto as of the date first above written.

The Remainder of This Page was Left Intentionally Blank.

APPENDIX A

List of Founding Members

- 1)
- 2)
- 3)
- 4)
- 5)
- 6)
- 7)
- 8)
- 9)
- 10)
- 11)
- 12)
- 13)

APPENDIX B

Types of Insurance Coverages **Provided as of January 1, 2019**

Coverages provided:

Property/Casualty

Flood

Earthquake

Inland Marine

General Liability

Public Officials' Errors and Omissions

Crime

Automobile Liability and Physical Damage

Boiler and Machinery

Worker's Compensation

APPENDIX C

FORM OF SIGNATURE PAGE

IN WITNESS WHEREOF, the governing body of the local public entity listed below has caused this Suburban Liability Insurance Pool Intergovernmental Agreement and Bylaws effective January 1, 2019 to be executed by its fully authorized Officer as of the date listed below.

(Print Full Legal Name of Member)

By: _____

Name: _____

Title: _____

Date: _____

APPENDIX D

MEMBERS AS OF JANUARY 1, 2019