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**THE CITY OF ROCHELLE**  
Ogle County, Illinois

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**RESOLUTION**  
NO. \_\_\_\_\_

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**A RESOLUTION OF THE CITY OF ROCHELLE ACCEPTING MEMBERSHIP AS A  
MEMBER OF ILLINOIS MUNICIPAL INSURANCE COOPERATIVE  
INTERGOVERNMENTAL AGREEMENT**

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**CHET OLSON, Mayor**  
**BRUCE McKINNEY, City Clerk**

**TOM McDERMOTT**  
**BIL HAYES**  
**DON BURKE**  
**KATE SHAW-DICKEY**  
**DAN McDERMOTT**  
**JOHN BEARROWS**  
**City Council**

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Law Offices of Peterson, Johnson, & Murray—Chicago, City Attorneys  
200 W. Adams, Ste. 2125, Chicago, IL 60606

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY OF ROCHELLE ACCEPTING MEMBERSHIP AS A MEMBER OF ILLINOIS MUNICIPAL INSURANCE COOPERATIVE INTERGOVERNMENTAL AGREEMENT**

**WHEREAS**, the City of Rochelle is a non-home rule, body politic and corporate, organized and existing pursuant to the Illinois Municipal Code, 65 ILCS 511-1, et seq.; and

**WHEREAS**, the City of Rochelle has been advised that each unit of local government has the power, under the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/9-103) (the "Tort Immunity Act"), 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**, the Mayor and City Council are aware that it is in the City resident's best interest that the City of Rochelle and other participating units of local government reduce their costs of risk management and administration by joining together in a pool to establish an intergovernmental cooperative 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; and

**WHEREAS**, the Mayor and City Council after consideration, now concur that it is advisable, necessary, and in the best interests of the residents of the City of Rochelle to authorize the City Manager and Clerk to execute the Illinois Municipal Insurance Cooperative Intergovernmental Agreement and Illinois Public Risk Fund Pooling Agreement with the other participating local governmental units.; and

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHELLE, OGLE COUNTY, ILLINOIS**, as follows:

SECTION 1: The City of Rochelle, as of the starting date at which admission to

membership was or is granted by the IMIC and IPRF, shall become a Member of that intergovernmental cooperative.

SECTION 2: The terms and conditions of that membership shall be such terms and conditions as were imposed by the Board of Directors of IMIC and IPRF in the acceptance motion and, in the acceptance motion under which IMIC and IPRF, and the contractual obligations under the terms of the Intergovernmental Agreement with IMIC and the Pooling Agreement and By-Laws of IPRF as such document currently exists and as it may be amended in accordance with its terms. The current Intergovernmental Agreement of the IMIC is attached to this resolution as Exhibit A. The current Pooling Agreement and By-Laws of the IPRF is attached to this resolution as Exhibit B. The Mayor and City Council of this municipality herein assumes such terms and conditions.

SECTION 3: The City Manager is hereby directed to execute any documents necessary to indicate the membership of the City of Rochelle in IMIC and IPRF program.

SECTION 4: That the Mayor and City Council of the City of Rochelle, Ogle County, Illinois, designates the City Manager and his/her designee as the City's primary representative to serve on the Illinois Municipal Insurance Cooperative Board with HR Manager or his/her designee as the alternate.

SECTION 5: That all existing Ordinances and Resolutions, or parts thereof, in conflict with the provisions of this Resolution, are hereby deemed null, void, and of no legal effect, and are specifically repealed.

SECTION 6: This Resolution shall be in full force and effect upon its passage in the manner provided by law.

PASSED this 13th day of November, 2017.

AYES:

NAYS:

ABSENT:

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MAYOR

ATTEST:

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CITY CLERK

**ILLINOIS MUNICIPAL INSURANCE COOPERATIVE**

**INTERGOVERNMENTAL AGREEMENT**

**Dated: December 31, 2013**

Prepared by:  
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**ILLINOIS MUNICIPAL INSURANCE COOPERATIVE  
INTERGOVERNMENTAL AGREEMENT**

This Intergovernmental Agreement (this "Agreement") is entered into, as of this 31st day of December, 2013, by and between the Members.

**RECITALS:**

**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 Founding Members are such units of local government as defined in the Constitution;

**WHEREAS**, each Member has the power, under the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/9-103) (the "Tort Immunity Act"), 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 in a pool to establish an intergovernmental cooperative 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 Cooperative*

**Section 1.** The Illinois Municipal Insurance Cooperative (the "Cooperative" or "IMIC"), is hereby established pursuant to this Agreement and in accordance with the provisions of the Intergovernmental Act.

**Section 2.** The Cooperative is not intended to constitute the transaction of an insurance business within the State of Illinois. Nothing contained herein shall constitute (including, without limitation, the creation of an Account and Annual Loss Funds), nor shall participation in the Cooperative constitute the transaction or business of insurance within the State of Illinois.

**Section 3.** All funds at risk in the joint self-insurance program administered by the Cooperative will be contributed by Members. Nothing herein shall constitute, nor shall participation in the Cooperative constitute, a waiver of immunities or defenses provided in the Tort Immunity Act or any other applicable statute or common laws.

**Section 4.** The purposes of the Cooperative are:

- (a) To establish, implement and maintain insurance for Members;
- (b) To establish fund reserves and to assist the Members in equalizing annual fluctuations in losses, expenses and insurance costs; and
- (c) To conduct or retain educational, inspectional, and supervisory services relating to loss prevention and loss reduction, as may from time to time be authorized by the Board or Executive Committee.

**Section 5.** It is intended that the Cooperative shall not be subject to federal income tax pursuant to Section 115 of the Internal Revenue Code of 1986, as amended now or hereafter.

## **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:

**Section 1.** *Account* – The monetary fund of the Cooperative.

**Section 2.** *Administrative Expenses* – Those expenses related to the management and operation of the Cooperative.

**Section 3.** *Administrator* – The individual or entity retained by the Executive Committee to assist the Chairperson and Executive Committee in administration of the day-to-day business affairs of the Cooperative.

**Section 4.** *Annual Loss Fund* – A joint self-insurance pool of funds established each year for the payment of claims and related defense expenses arising against Members during the year for which the fund is established.

**Section 5.** *Board* – The governing body of the Cooperative.

**Section 6.** *Coverage* – Any self-insurance programs and any insurance policies purchased by the Cooperative or by the Members separate and apart from the Cooperative.

**Section 7.** *Excess Insurance* – The amount and type of insurance protection determined by the Executive Committee to be sufficient and economically available to the Cooperative which is in excess of the self-insured retention maintained by the Cooperative and payable from the Loss Fund.

**Section 8.** *Executive Committee* – A permanent committee of the Board which may act on behalf of the Cooperative between meetings of the Board, and to which is delegated such other authority as is provided herein and as may be determined by the Board from time to time.

**Section 9.** *Founding Members* – The Founding Members are those Members listed in **Appendix A.**

**Section 10.** *Member* – A unit of local government that has been admitted into the Cooperative pursuant to this Agreement and that has neither withdrawn nor been expelled.

**Section 11.** *Representative* – An individual chosen by a Member to serve on the Board on that Member's behalf.

**Section 12.** *Self-insured Retention* – The first dollar amount as determined by the Board 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.

## ARTICLE III

### *Board*

**Section 1. Management of Cooperative.** The affairs and activities of the Cooperative 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 Cooperative, and shall take all appropriate actions and perform all duties required to operate and administer the Cooperative and otherwise accomplish the purposes of the Cooperative. 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 and take all action hereunder in the name of and for the Cooperative.

**Section 2. Exclusive Authority.** Matters exclusively reserved to the Board shall include the following:

- (a) Adoption of amendments to this Agreement;
- (b) Approval of the annual budget of the Cooperative and any supplements or amendments thereto;
- (c) Adoption of joint self-insurance and insurance programs for the Cooperative;
- (d) Selection and hiring of the Cooperative Administrator;
- (e) Election of the voting members of the Executive Committee;
- (f) Expulsion of a Member;
- (g) Admission of new Members;
- (h) Termination of the Cooperative; and
- (i) Other matters reserved to the Board by law or by this Agreement.

**Section 3. Composition.** The Board shall consist of one designated Representative selected by each Member. Each Representative shall serve on the Board until removed, replaced, or 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 vote of a two-thirds (67%) majority of the Board. Cause shall include, but is not limited to, the basis for Member expulsion as defined in Article XI, Section 1. Any Board vacancy due to resignation, removal or other inability to further serve on the Board shall be designated by the Member. All Representatives shall serve on the Board without compensation from the Cooperative.

**Section 4. Duties.** The duties of the Board shall include the following:

- (a) To develop, implement, determine and collect from Members the Annual Contributions deemed necessary to establish and maintain the Annual Loss Fund in an amount that is adequate to pay the anticipated losses, disbursements, expenses, reserves and other anticipated charges of the Cooperative;
- (b) To obtain information, reports and documents from Members that are necessary for the determination of the proper Annual Contribution from each Member;
- (c) To establish the rules and regulations for the Cooperative;
- (d) To settle and pay all claims of a Member in accordance with the Coverages, and to take any other action required to fulfill any obligation of the Coverages, including, but not limited to, the defense of any lawsuit brought against a Member or former or expelled Member seeking damages that are covered under the

Coverages. The Board may make such investigation and settlement of any claim or lawsuit as it deems expedient, but the Board shall not be obligated to pay any claim or defend any lawsuit after the applicable limit of the Coverages has been exhausted by payment of judgments or settlements;

(e) To file suit or take any other reasonable actions to collect from any Member, any former, expelled or withdrawing Member, any annual contribution, additional contribution or special assessment, including all attorney's fees and costs in connection with such lawsuit or action;

(f) To select, employ, determine the compensation and compensate agents, employees, independent contractors, insurance consultants, appraisers, administrators, attorneys, auditors and such other persons or entities as may be necessary to operate, administer and accomplish the purposes of and to conduct the business matters of the Cooperative, including enforcement of the provisions of this Agreement and all procedures and protocols adopted for the operation of the Cooperative;

(g) To carry out educational and other programs relating to safety, risk management, accident or other claims reduction;

(h) To purchase property, liability, excess and other types of casualty, workers compensation, professional or other Coverages as provided in this Agreement or as recommended by the Administrator or the Executive Committee and determined by the Board to be appropriate and within the purposes of this Agreement;

(i) To procure fidelity bonds for employees or other persons, as required by this Agreement or by law;

(j) To maintain accurate books of account which shall show all receipts and disbursements and to prepare monthly reports of the results. There shall be an annual audit of the books and records of the Cooperative by certified public accountants selected by the Board;

(k) To begin, maintain and defend any type of litigation in connection with controlling and managing the operation and administration of the Cooperative, and to compromise, arbitrate, settle or abandon claims and demands in connection with the Cooperative;

(l) To enter into any other contract or transaction or carry out such other activities as are necessarily implied or required in order to effect the above activities and the purposes of the Cooperative, or as are necessary to continue the operation of the Cooperative.

#### **Section 5. Board Meetings.**

(a) **Regular Meetings.** The Board shall meet at least twice annually, at a time and place specified by the Board, one of which meetings the Board shall designate the annual meeting ("Annual Meeting").

(b) **Special Meetings.** The Chairperson, a majority of the Executive Committee's voting members, or any three (3) Representatives may call a special meeting of the Board by giving at least fifteen (15) days advance written notice to each Representative specifying the time, place, and purpose of the meeting.

(c) **Telephonic or Electronic Participation.** Representatives and any non-voting individuals or entities invited to participate at a Board meeting may participate in a meeting of the Board through the use of a conference telephone or interactive technology, including but not limited to electronic transmission, Internet usage, or

remote communication, by means of which all persons participating in the meeting can communicate with each other.

(d) **Waiver of Notice.** Any Representative may waive notice of any meeting, and attendance thereat shall constitute a waiver of notice of such meeting, unless the sole purpose of the Representative's attendance is to object to the sufficiency of the notice.

(e) **Quorum.** A majority of Representatives shall constitute a quorum of the Board.

(f) **Voting.** Each Representative shall be entitled to one and only one vote on the Board. Voting shall be by voice vote or in any other manner established by the Board prior to voting on any matter, except that voting shall be by roll call vote for any matter requiring a greater than majority vote for passage and whenever requested by not less than twenty percent (20%) of the Representatives. The act of a majority of those Representatives present at a meeting at which a quorum is present shall be the act of the Board, unless a greater number is required by law or this Agreement.

(g) **Action by Consent.** Any action required to be taken at a meeting of the Board, or any other action that may be taken at meeting of the Board, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all Representatives entitled to vote with respect to the subject matter thereof, or by all members of the Executive Committee, as the case may be. Any such consent signed by all the Representatives or all the members of the Executive Committee shall have the same effect as a unanimous vote, and may be stated as such in any filed document.

(h) **Minutes.** Minutes of all regular and special meetings of the Board and any Action by Consent of the Board shall be provided to each Member.

(i) **Compliance with Law and this Agreement.** 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 IV

### *Executive Committee*

**Section 1. Authority and Duties.** The designation of an Executive Committee shall not relieve any Representative of the Board of any responsibility imposed by this Agreement or by law. The Executive Committee shall have the authority and duties of the Board between meetings of the Board, except as otherwise provided by law, this Agreement, or a resolution of the Board. In addition, the duties of the Executive Committee shall include the following:

- (a) To prepare and submit to the Board for approval an annual budget for the Cooperative;
- (b) To prepare and submit periodically a summary of covered claims filed and claims paid;
- (c) To recommend changes in policy and procedures;
- (d) To recommend changes in Coverages;
- (e) To recommend the admission of new Members;
- (f) To recommend the expulsion of Members;

(g) To annually obtain and furnish to the Members an audited report of the financial affairs of the Cooperative, prepared by a certified public accountant at the end of each fiscal year in accordance with generally accepted auditing principles, and in compliance with any applicable law;

(h) To recommend the removal of Representatives;

(i) To prepare an annual administrative budget for the Cooperative;

(j) To carry out such other duties as are delegated to the Executive Committee by this Agreement or by the Board from time to time.

**Section 2. Initial Executive Committee.** For the first three (3) fiscal years after formation of the Cooperative (the "Initial Term"), the Executive Committee shall be elected by resolution of a majority of the Board from among the Representatives and shall consist of:

(a) At least five (5) but no more than seven (7) Representatives on the initial Executive Committee. Each Representative on the initial Executive Committee shall serve with voting rights and shall be deemed Executive Committee Voting Members, as herein defined;

(b) One or more non-voting, *ex officio* members, as may be selected from time to time by the Board or Executive Committee, to serve in an advisory capacity on the Executive Committee ("Executive Committee Ex Officio Members"), including the Administrator;

(c) Each Executive Committee Voting Member on the initial Executive Committee shall serve for the entire Initial Term.

**Section 3. Executive Committee After the Initial Term.** The composition of the Executive Committee and the terms of its members after the Initial Term shall be determined by the Board, and shall be elected by resolution of a majority of the Board subject to the following terms:

(a) **Composition.** The Executive Committee after the Initial Term shall at least consist of:

(i) An odd number of voting Members elected by the Board from among the Representatives ("Executive Committee Voting Members"), who shall serve for renewable terms. Such Executive Committee Voting Members shall be and are divided into two classes, as nearly equal in number as possible, designated: "Class I" and "Class II." In case of any increase or decrease, from time to time, in the number of Executive Committee Voting Members, the number of Executive Committee Voting Members in each class shall be apportioned as nearly equal as possible. No decrease in the number of directors shall shorten the term of any incumbent Executive Committee Voting Member;

(ii) One or more Executive Committee *Ex Officio* Members;

(iii) The Executive Committee may be expanded up to nine (9) Executive Committee Voting Members as recommended by the Executive Committee, and as approved by the Board.

(b) **Determination of Class Membership After the Initial Term.** For purposes of dividing Executive Committee Voting Members into Class I and Class II immediately following the Initial Term, Executive Committee Voting Members shall be assigned to Class I (until the two classes are apportioned as nearly equal as possible) based on the following factors:

(i) In descending order, length of prior services as an Executive Committee Voting Member during the Initial Term; and

(ii) In ascending order, alphabetically by surname.

(c) **Length of Term.** Each Executive Committee Voting Member shall serve for a term ending on the date two (2) years after the date which such Executive Committee Voting Member was elected; provided, that the term of each Executive Committee Voting Member shall continue until the election and qualification of a successor and be subject to such Executive Committee Voting Member's earlier death, resignation or removal. With respect to ONLY the first term of the Executive Committee Voting Members following the Initial Term:

(i) Each Class I Executive Committee Voting Member's term shall last two (2) years following the expiration of the Initial Term; and

(ii) Each Class II Executive Committee Voting Member's term shall last for one (1) year following the expiration of the Initial Term.

(d) **Compensation.** No Executive Committee Voting Member shall receive any salary or other payment from the Cooperative.

**Section 4. Meetings of the Executive Committee.**

(a) **Regular Meetings.** The Executive Committee shall meet at least twice annually at a time and place specified by the Executive Committee.

(b) **Special Meetings.** The Chairperson or any three (3) Executive Committee Voting Members may call special meetings of the Executive Committee by giving at least ten (10) days advance written notice to each member of the Executive Committee, specifying the time, place, and purpose of the meeting.

(c) **Telephonic or Electronic Participation.** All members of the Executive Committee, voting and non-voting, may participate in any meeting of the Executive Committee through the use of a conference telephone or interactive technology, including but not limited to electronic transmission, Internet usage, or remote communication, by means of which all persons participating in the meeting can communicate with each other.

(d) **Quorum.** A majority of the Executive Committee Voting Members shall constitute a quorum of the Executive Committee.

(e) **Voting.** Each Executive Committee Voting Member shall be entitled to one and only one vote on the Executive Committee. The act of a majority of those Executive Committee Voting Members present at a meeting at which a quorum is present shall be the act of the Executive Committee, unless a greater number is required by law or this Agreement. The Executive Committee Chairman shall cast a vote only in the event of a deadlock.

(f) **Minutes.** Minutes of all regular and special meetings of the Executive Committee shall be provided to the Board and each Member.

(g) **Compliance with Law and this Agreement.** 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.

**Section 5. Vacancies.** An Executive Committee Voting Member may resign at any time, and shall be deemed to have resigned from the Executive Committee immediately upon (a) the Executive Committee Voting Member no longer being employed by the Representative's

Member for any reason, or (b) the termination, resignation or expulsion of the Member. An Executive Committee Voting Member may be removed for cause by vote of a two-thirds (67%) majority of the other Representatives of the Board. Cause shall include, but is not limited to the basis for Member expulsion as defined in Article XI, Section 1. If an Executive Committee Voting Member position is vacated prior to the expiration of the relevant term, the remaining Executive Committee Voting Members shall select a replacement by majority vote from among the Representatives for the remainder of the term vacated. If the departing Executive Committee Voting Member is the Chairperson, Vice-Chairperson, Secretary or Treasurer, the Board shall elect a replacement by majority vote from among the Executive Committee Voting Members after the Executive Committee Voting Members select a Representative to fill the vacant Executive Committee seat.

## ARTICLE V

### *Cooperative Officers and the Administrator*

**Section 1. Officers.** The Officers of the Cooperative shall be the Chairperson, Vice-Chairperson, Secretary, and Treasurer, and such other Officers as the Board may establish from time to time.

**Section 2. Election and Term.** All Officers shall be selected by the Executive Committee from among the Executive Committee Voting Members, and shall serve for terms of two (2) years each. An Officer may resign at any time, and may be removed for cause by vote of a two-thirds (67%) majority of the other Members of the Executive Committee. Cause shall include, but is not limited to the basis for Member expulsion as defined in Article XI, Section 1. An Officer may serve for no more than three (3) consecutive terms.

**Section 3. Chairperson.** The Chairperson shall supervise and control the day-to-day operations of the Cooperative and shall carry out the purposes of the Cooperative as directed by the Board or Executive Committee. The duties of the Chairperson shall include the following:

(a) To preside over all meetings of the Board and of the Executive Committee;

(b) To sign with the Treasurer or other authorized signatory, on behalf of the Cooperative, all checks and other instruments which the Board or Executive Committee has authorized to be executed;

(c) To make recommendations regarding policy decisions, the creation of other Cooperative offices and the employment of agents, employees and independent contractors;

(d) To oversee the preparation of a proposed annual budget for the Cooperative;

(e) To direct the Treasurer, within the constraints of the approved budget, to make distributions from the Account for payment of premiums, claims and expenses and the Administrative Expenses of the Cooperative;

(f) To perform all duties incident to the office of Chairperson, as such duties are prescribed by the Board or Executive Committee from time to time and consistent with this Agreement and any applicable law; and

(g) To take such other actions as are necessary to continue the operation of the Cooperative.

**Section 4. Vice-Chairperson.** The Vice-Chairperson shall carry out all the duties of the Chairperson during the absence or the inability or refusal of the Chairperson to perform such

duties, and shall carry out such other functions as are assigned from time to time by the Chairperson, Board, or Executive Committee.

**Section 5. Secretary.** The duties of the Secretary shall include the following:

- (a) To record or cause to be recorded the minutes of all meetings of the Board and Executive Committee;
- (b) To present all minutes to the Board and Executive Committee for approval;
- (c) To provide all approved minutes of the Board and Executive Committee to each Member;
- (d) To provide all notices from the Cooperative as are required by law or this Agreement;
- (e) To maintain all records of the Cooperative, including minutes, resolutions, contracts, and correspondence (electronic or otherwise);
- (f) To maintain updated contact information for each Member and its Representative; and
- (g) To perform all other duties incident to the office of Secretary, as such duties are prescribed by the Board or Executive Committee from time to time and consistent with this Agreement and any applicable law.

**Section 6. Treasurer.** The Treasurer shall be the Chief Financial Officer of the Cooperative and shall carry out the fiscal and financial business of the Cooperative as directed by the Board or Executive Committee. The Treasurer may be a Representative, in which case the position shall be uncompensated, or may be a third-party individual or entity retained by the Cooperative, in which case the position may be compensated. The duties of the Treasurer shall include the following:

- (a) To exercise charge and custody over all funds and securities of the Cooperative;
- (b) To maintain the financial books and records of the Cooperative;
- (c) To establish and maintain accounts and letters of credit in the name of the Cooperative in such banks, savings and loan associations or other depositories as shall be selected by the Board or Executive Committee;
- (d) To receive and give all receipts for monies due and payable to the Cooperative from any source whatsoever;
- (e) To deposit all such monies in the name of the Cooperative in the banks or other depositories selected by the Board or Executive Committee;
- (f) To invest the funds of the Cooperative, from time to time, in such accounts, deposits or securities as permitted by law for investments by Non-Members and as the Board or Executive Committee shall select from time to time;
- (g) To disburse Cooperative funds pursuant to this Agreement;
- (h) To sign with the Chairperson, on behalf of the Cooperative, all checks and other instruments which the Board or Executive Committee has authorized to be executed;
- (i) To assist the Chairperson and Administrator in preparing a proposed annual administrative budget and to submit said proposal to the Board;
- (j) To present a full report of the fiscal condition of the Cooperative and of the activities of the Treasurer at each regular meeting of the Board and at such other times as requested by the Board or Executive Committee;

(k) To perform all other duties incident to the office of Treasurer, as such duties are prescribed by the Board or Executive Committee from time to time and consistent with this Agreement and any applicable law.

**Section 7. Treasurer *pro tempore*.** During the absence or the inability or refusal of the Treasurer to perform the duties of Treasurer, the Chairperson or a Representative appointed by the Chairperson and approved by the Executive Committee may perform the duties of the Treasurer (“*Treasurer pro tempore*”) and, when so acting, shall have all of the powers of and be subject to all of the restrictions upon the Treasurer.

**Section 8. Bond.** In lieu of and in place of surety bonds, and before commencing their duties, the Chairperson (or Vice-Chairperson acting in place of the Chairperson) and the Treasurer (*Treasurer pro tempore*) of the Cooperative shall purchase a crime policy or other form of insurance coverage in adequate amounts as recommended by the Administrator for the protection and benefit of the Cooperative to insure the faithful discharge of their duties, and to otherwise protect the Cooperative from any financial loss associated with the unfaithful discharge of their duties to the Cooperative.

**Section 9. Administrator.** The Executive Committee shall retain an Administrator, which shall not be a Representative, to serve as an Executive Committee *Ex Officio* Member and to assist the Chairperson and Executive Committee in the carrying out of the Executive Committee’s duties and the administration of the day-to-day business affairs of the Cooperative. The duties of the Administrator shall be established by this Agreement and by any written agreement with the Cooperative, and shall include the following:

(a) To oversee the presentation of claims administrator monthly reports identifying all claims submitted by and payments made to or on behalf of Members;

(b) To make recommendations to the Executive Committee regarding the Cooperative’s structure, policies, and procedures;

(c) To attend each Regular Meeting and Special Meeting of the Board and Executive Committee, and to present a full report of the activities of the Administrator at such meetings and at such other times as requested by the Board or Executive Committee;

(d) To make recommendations to the Executive Committee and Board regarding Coverages, risk administration, allocations and charges to Members, and other fiscal matters affecting or affected by the operations of the Cooperative;

(e) To assist in the preparation of monthly reports as to the financial status of the Cooperative; and

(f) To make recommendations to the Board as to the hiring of an independent property appraiser to provide appraisals of Member property as needed.

## ARTICLE VI

### *Liability of Board and Executive Committee Members*

**Section 1.** The Representatives, Members of the Executive Committee and the Officers of the Cooperative shall use ordinary care and reasonable diligence in the exercise of their authority and in the performance of their duties. They shall not be personally liable to any Member, or any former or expelled Member, for any act, error, omission, judgment or other action made, taken or omitted by them in good faith and in the exercise of his or her best judgment; nor for any action made, taken or omitted by any administrative or clerical personnel, agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of

Cooperative funds, or failure to invest. No Representative shall be required to give a bond or other security to guarantee the faithful performance of his duties hereunder except as required by this Agreement or by law. Any act done or omitted pursuant to the advice of an attorney shall be deemed conclusively to have been committed or omitted in good faith.

**Section 2.** The Cooperative shall indemnify any person who was or is a party to or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Cooperative), by reason of the fact that the person was a Representative, Member of the Executive Committee or Officer, against all expenses (including attorney's fees), judgments, fines and amounts paid in settlement that were actually and reasonably incurred in connection with such action, suit or proceeding, provided that he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Unless insurance coverage is otherwise unavailable or exhausted for any such action, suit or proceeding, the Account shall be used to defend and hold harmless any Representative, Member of the Executive Committee or Officer of the Cooperative for actions taken by the Board or Executive Committee or taken by Representatives, Members of the Executive Committee or Officers within the scope of their authority.

## ARTICLE VII

### *Admission of Members*

**Section 1. Application and Admission.** A Member may apply for membership in the Cooperative on a form provided by the Cooperative. If the Member meets the underwriting requirements for participation, the Member's application is recommended by the Executive Committee, and the application is approved by a majority vote of the Board, the Member's governing body may ratify this Agreement by executing, on behalf of the Member and pursuant to any applicable laws and Member regulations, (1) a resolution ordinance or other approved legal authority for membership, (2) a copy of the signature page to this Agreement, and (3) any other formal actions required by law or Member regulations to authorize membership in the Cooperative.

**Section 2. Effective Date of Admission.** A Member shall be admitted into the Cooperative effective as of the date upon which the Cooperative receives the Member's executed resolution, ordinance or other legal authority approved for membership and signature page to this Agreement, on which date its name shall be added to **Appendix B** attached hereto.

**Section 3. Founding Members.** A Founding Member shall not be required to submit an application for membership, and shall be admitted into the Cooperative effective as of the date upon which the Founding Member delivers to each other Founding Member a resolution, ordinance or other approved legal authority for membership and an executed signature page to this Agreement.

**Section 4. Three-Year Membership.** Upon initial admission, a new Member shall be required to obtain all Mandatory Coverages and maintain such Coverages for a minimum period of three (3) consecutive years, commencing on the effective date of such Coverages, unless the Cooperative is terminated prior to the expiration of that period. The three-year commitment is required regardless of the term of any individual Coverage provided through the Cooperative and subject to all of provisions of this Agreement. After the expiration of the initial three-year period, each Member must meet the underwriting requirements for participation and ratify the

Agreement for each subsequent twelve month period, referred to as the Member's Policy Period, for which the Member desires to participate in the Cooperative. Nothing in this Section shall be construed to limit the authority of the Cooperative to expel a Member that has not yet participated for three years in the Cooperative.

**Section 5.** The Board reserves the right to consider, on an individual basis, and in its sole discretion, exceptions to the three (3) year membership requirement for Mandatory Coverages.

**Section 6. Compliance.** Each Member agrees to participate in the Cooperative and Mandatory Coverages, and in all other respects to comply with the rules, regulations, policies and procedures adopted by the Board, to comply with the terms and provisions of this Agreement, and to comply with the terms and provisions of the Mandatory or Optional Coverages maintained by the Member.

## **ARTICLE VIII** *Plan of Coverages*

**Section 1. Purchase of Insurance.** The Cooperative shall purchase insurance, from companies authorized by the Illinois Department of Insurance to conduct insurance business in Illinois, in amounts recommended by the Administrator, and as are approved from time to time by the Board or Executive Committee to meet the obligations and purposes of the Cooperative. It is the intent of the Cooperative to obtain loss protection subject to any aggregate, excess or other Coverages as set forth in **Appendix C**.

**Section 2. Mandatory Coverage.** As a condition for continued membership in the Cooperative, each Member must at all times maintain the Property/Casualty Coverage purchased by or otherwise provided through the Cooperative, as well as any other Coverages that the Cooperative may require from time to time ("Mandatory Coverages"). In the event the Board subsequently decides to add Workers Compensation coverage as a Mandatory Coverage, then in that event all members will be required to maintain said coverage pursuant to the provisions of Article VII, Section 4. However, a Member may opt out of the Workers Compensation coverage upon written request.

**Section 3. Optional Coverage.** On an annual basis, and subject to all other limitations in this Agreement, a Member may adopt one or more additional, non-mandatory Coverages purchased by or otherwise provided through the Cooperative ("Optional Coverages"). No Member may obtain any Optional Coverages unless the Member maintains all Mandatory Coverages.

**Section 4. Outside Insurance Coverage.** Membership in the Cooperative shall not preclude any Member from obtaining any Insurance Coverage independent of the Cooperative and in addition to those Coverages purchased by or otherwise provided through the Cooperative, including any Insurance Coverage that may be required by law. The Cooperative shall, when requested, make its resources available to advise Members of the types of such outside Insurance Coverages available to Members.

**Section 5. Exclusions.** The Cooperative shall not provide a joint self-insurance program or purchase other protections for its Members for the following:

- (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 relief, declaratory relief or administrative review;

- (d) Awards of attorneys' fees to opposing counsel unless such an award is considered an element of damages;
- (e) Lawsuits 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 pre-existing insurance coverage heretofore provided prior to commencement of the Cooperative;
- (g) Criminal acts alleged against any elected, appointed or employed person of a Member;
- (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 applicable Coverages; and
- (i) Other matters as may be determined by the Board or Executive Committee.

## ARTICLE IX

### *Account*

**Section 1. Administration.** The Account shall be established by the Cooperative and held, administered and invested by the Treasurer in a manner consistent with applicable laws and this Agreement. The Account shall consist of all contributions received from Members, and all money and other property which the Cooperative shall receive and hold. The Account shall be administered as a single fund without regard to the level of expense for a particular Member. The Account and the Cooperative shall not be liable for the debts of any Member, or former or expelled Member, and shall not be subject to seizure by any creditor of any Member, or any former or expelled Member, and no direct action may be brought against the Account or the Cooperative by any such creditor.

**Section 2. Annual Contribution.** To fund the Account, each Member shall make an annual payment to the Cooperative ("Annual Contribution"). The amount of the Annual Contribution for each Member shall be determined on an annual basis by the Administrator and Executive Committee, and shall include amounts necessary for the payment of the Member's share of Administrative Expenses, premiums and other insurance-related costs, and contribution to the Annual Loss Fund(s).

**Section 3. Adjustment of Expenses.** Whenever 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. At the close of the year, an accounting will take place to determine whether a particular Member has received total coverage and made all payments associated with that Member. 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 Contribution for the following year, with short term deficits being made up over a period of years or by agreement, assessment or as determined by the Board.

**Section 4. Expenditure of Account Funds.** The Account shall be used to carry out the purposes of the Cooperative, including without limitation:

- (a) The funding and maintenance of Annual Loss Fund(s);

- (b) The payment of Administrative Expenses;
- (c) The payment of all costs associated with obtaining insurance and processing claims such as premiums, claims, judgments, settlements; and
- (d) The payment of any other Cooperative expenses that may arise.

**Section 5. Additional Contributions and Special Assessments.** It is intended that the Account will contain a sufficient amount of funds on hand at all times to fund and maintain the Annual Loss Fund(s), pay the Administrative Expenses, pay all costs associated with obtaining insurance and processing claims, and pay all other expenses. If, during any year, the funds on hand in the Account are insufficient, the Board or Executive Committee may, in its discretion, require supplementary payment from all Members, including terminated, expelled or withdrawing Members. Such payments shall be made in the same proportion as prior payments to the Cooperative during that plan year, and shall be due from each Member upon receipt of notice of the amount from the Board, Executive Committee, or Administrator.

**Section 6. Return of Surplus.** The Executive Committee may, in its discretion approve a return of surplus funds from an Annual Loss Fund to Members after all claims against the particular Annual Loss Fund are otherwise closed. The return of surplus funds may be done by direct payment or a credit against future premiums. If a return is approved, the amount of this return will be calculated based upon the pro rata share of a Member's percent of contribution as a whole to the Annual Loss Fund in the stated year for which the return is applicable. No return of surplus funds shall be available to any Member that has withdrawn or been expelled from the Cooperative before the date the surplus funds are returned or credited to the current Members.

## **ARTICLE X**

### *Obligations of Members*

**Section 1.** The obligations of each Member shall include the following:

- (a) To obtain and maintain Mandatory Coverage;
- (b) To pay promptly all payments, to the Cooperative for the Account at such times and in such amounts as are established by the Administrator, Executive Committee or the Board pursuant to this Agreement;
- (c) To select promptly a Representative and any successors to such Representative;
- (d) To cooperate fully with the Administrator, Claims Administrator, the attorneys selected by or engaged by the Executive Committee, auditors and any agent, employee, Officer or independent contractor of the Cooperative in any matter relating to the purpose and business of the Cooperative;
- (e) To act promptly on all matters requiring approval by the Members and not to withhold such approval unreasonably or arbitrarily;
- (f) To report to the claim administrator within the time limits specified by the Board any claim in which indemnity or defense of the claim could be sought through the Cooperative;
- (g) To submit no unjustified claims nor otherwise cause unjustified deficits in the Account;
- (h) To allow the Board or its designee reasonable access to all of the Member's facilities, records, documents and information, including financial records that relate to the Coverages, and to cooperate with the Board, the Executive Committee,

the Administrator, attorneys and any other designee of the Board in connection with its obligations under this Agreement or the Coverages;

(i) Upon acceptance as a new Member, to promptly cooperate with preparation of a physical property appraisal report within a reasonable amount of time not to exceed one (1) year;

(j) To cooperate with the preparation of a physical property appraisal report every seven (7) years after becoming a Member, or more regularly if so required by any property Coverage provided to the Cooperative and its Members, or if decided by the Board, which appraisal shall be conducted by a single individual or entity recommended by the Administrator and approved by the Board to appraise all its Members;

(k) To assure that the Representative reviews and oversees the Member's compliance with all risk management protocols and other obligations of the Member as set forth in this Agreement or as established by the Board from time to time; and

(l) To take no action inconsistent with this Agreement as originally written or validly amended.

**Section 2.** 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, shall remain a continuing obligation and responsibility of each Member. This Agreement may be enforced in law or equity either by the Cooperative itself or by any Member acting on behalf of the Cooperative.

**Section 3.** Each Member agrees that the Cooperative is authorized to enforce the terms, provisions and obligations of this Agreement by filing suit in a court of proper jurisdiction within the State of Illinois. Each Member further agrees that the Cooperative shall be entitled to recover its costs and reasonable attorney's fees, together with pre-judgment interest at the simple rate of five percent per year, in connection with enforcing a Member's obligations under this Agreement, regardless of whether the Cooperative files suit.

**Section 4.** Except to the extent of the financial contributions to the Cooperative 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, nor does this Agreement create between the Members any relationship of partnership, surety, indemnification or liability for the debts of or claims against any single Member.

## ARTICLE XI

### *Expulsion of a Member*

**Section 1.** Members that fail to fulfill their obligations pursuant to this Agreement or that take any action found by the Executive Committee to be detrimental to the purpose or operations of the Cooperative may be expelled from membership in the Cooperative by a two-thirds (67%) vote of the Board, excluding the vote of the Representative from the Member whose expulsion is being voted upon. If the Board votes to expel a Member, that expulsion is final immediately upon such vote, and no further appeals are available to the Member.

**Section 2.** No Member may be expelled from the Cooperative until the Member has received each of the following:

(a) Written notice from the Cooperative identifying the alleged basis for expulsion;

(b) An opportunity to cure that basis for expulsion within fifteen (15) days from delivery of the notice; and,

(c) In the event of a failure to cure, the opportunity to be heard before the Executive Committee or its appointee, as herein provided.

**Section 3.** If the conduct of a Member is found by the Executive Committee to be an imminent threat to the continued operation of the Cooperative, the Executive Committee may suspend the Member, pending an expulsion hearing, from all rights and privileges under this Agreement except for the limited right to continue the Member's then current Coverages purchased by or otherwise provided through the Cooperative, for which it has timely paid all premiums and other insurance payments due.

**Section 4.** If a Member fails to cure the alleged basis for expulsion within the fifteen (15) day notice period, the Executive Committee shall set a date for an expulsion hearing, which shall occur not less than thirty (30) days after expiration of the time to cure. The Executive Committee may conduct the hearing or appoint an individual to conduct the hearing who shall make a recommendation to the Executive Committee based upon the appointee's findings of fact. The Member shall have the right to be represented by counsel at the hearing. The Executive Committee shall then issue a recommendation to the Board either that the Member be expelled or that it be allowed to remain in the Cooperative.

**Section 5.** The Board shall vote whether to expel a Member at the next regular Board meeting following the issuance of the Executive Committee's recommendation, or at a special meeting called for that specific purpose. If the Member whose expulsion is being considered wishes to present its case to the Board prior to the vote at that meeting, it must submit a written request to the Chairperson within thirty (30) days after the Executive Committee issues its recommendation. The Board may limit its consideration of the potential expulsion to the submissions, findings and recommendations from the expulsion hearing, or it may consider supplemental materials from the Member as it may determine in its sole discretion.

**Section 6.** If a Member is expelled by the Board, it will no longer have any rights or privileges under this Agreement, except for the limited right to continue its then current Coverages purchased by or otherwise provided through the Cooperative, provided that it has timely paid all premiums and other payments due, for the duration of terms of each Coverage, and the Cooperative shall continue to process claims by or against the expelled Member during those terms.

**Section 7.** An expelled Member shall continue to be fully liable for any payment due to the Account and for any other unfulfilled obligation as if it were still participating in the Cooperative.

**Section 8.** Within sixty (60) days after the date when a Member's expulsion becomes final, the Cooperative shall take an accounting of the fixed funds and expenses owed by or owing to said Member as of the date on which the expulsion became final. The expelled Member shall immediately pay into the Account any amount found to be owed by it. Any amount found to be owed to the Member by the Cooperative, and all funds upon which a claim could be made against the expelled Member, shall be held by the Cooperative until all such claims or potential claims are terminated. The Executive Committee shall provide a written statement to the expelled Member, outlining any potential liability for possible future deficits that may occur for the years in which the Member participated in the Cooperative prior to expulsion.

## ARTICLE XII

### *Withdrawal from Coverages*

**Section 1.** Withdrawing from Mandatory Coverage shall constitute withdrawal from all Cooperative Coverages and from the Cooperative itself. Ceasing to participate in any Optional Coverage shall not constitute withdrawal from any other Coverage or from the Cooperative itself. Subject to the limitations herein, a Member may withdraw from the Cooperative or cease participation in Mandatory Coverage only upon the following terms:

(a) The Member must provide written notice of its decision to withdraw ("Notice of Withdrawal") to the Administrator or Chairperson of the Cooperative;

(b) The Notice of Withdrawal must be delivered to the Administrator or Chairperson no later than September 1 of the then current Fiscal Year, or else the Notice of Withdrawal shall have no effect;

(c) The Member must attach to the Notice of Withdrawal a true and correct copy of the written resolution, ordinance or other legal authority adopted by the governing body of the Member authorizing the Notice of Withdrawal;

(d) The Member must have participated in the Coverages from which it is withdrawing for the minimum period required by the provisions in this Agreement;

(e) The Notice of Withdrawal must be accepted by the Administrator or the Chairperson.

**Section 2.** If a Member withdraws from the Cooperative and later wishes to re-join the Cooperative, it must re-apply as a new member, subject to all of the provisions of this Agreement.

**Section 3.** Notwithstanding the provisions set forth in Article VII, Section 5, a Member shall have no right to withdraw from the Cooperative for a period of three (3) years following admission to membership in the Cooperative. Moreover, in no event may a Notice of Withdrawal be submitted during a Member's first twenty-four (24) months of participation in the Cooperative. Nothing in this Section shall be construed to limit the power of the Cooperative to expel a Member that has not yet participated in the Cooperative for the minimum period.

**Section 4.** Withdrawal from any Coverage purchased by or otherwise provided through the Cooperative shall be effective as of the first day of the next Fiscal Year following acceptance by the Chairperson or Administrator of a Member's Notice of Withdrawal, unless such Notice is revoked pursuant to this Agreement. No withdrawal shall be effective prior to the final day of the plan year, regardless of the date that the Member joined the Cooperative, except that the Executive Committee, excluding the vote of any Executive Committee Voting Member from the withdrawing Member, may shorten the period of time in which the withdrawal shall become effective.

**Section 5.** The rights and duties of the Cooperative and a withdrawing Member shall be the same as those with respect to an expelled Member, on and after the effective date of that withdrawal.

**Section 6.** A Member's Notice of Withdrawal, once submitted and accepted in accordance with this Agreement, may not then be revoked, unless each of the following occurs:

(a) The Member must submit to the Cooperative a request, in writing, to revoke its Notice of Withdrawal;

(b) The Member's request must be submitted to the Administrator no later than October 1 of the Fiscal Year identified in the Notice of Withdrawal as the

Member's last year of participation in the coverage program from which it is withdrawing; and

(c) The Administrator and Executive Committee must approve the Member's request in writing.

**Section 7.** The Administrator and Executive Committee may consider a Member's request to revoke its Notice of Withdrawal only if approving the request would not affect the operations of the Cooperative. Under no circumstances shall the Administrator and Executive Committee consider any such request that is submitted after October 1 of the Fiscal Year identified in the Notice of Withdrawal as the Member's last year of participation in the coverage program from which it is withdrawing. If a Member's request is submitted after the deadline or is otherwise rejected by the Executive Committee and Administrator, the Notice of Withdrawal shall not be revoked, and the Member cannot avoid withdrawing from the Coverage that it specified in its Notice of Withdrawal.

### ARTICLE XIII

#### *Termination of the Cooperative*

**Section 1.** The Cooperative shall continue to offer Coverage for as long as it is permissible under the laws of the State of Illinois, but shall terminate upon the occurrence of any of the 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 Cooperative is invalid or contrary to law;

(b) The number of Members is not sufficient to support an Annual Loss Fund or other Coverages at the Self-insured Retention level established for the Cooperative in the amount as recommended by the Administrator and approved by the Executive Committee for the Cooperative;

(c) The Members vote to dissolve and terminate the Cooperative by a two-thirds (67%) vote.

**Section 2.** Upon termination of the Cooperative, the Agreement and the Cooperative shall remain in force in order for the Cooperative to wind up its affairs, and the rights and duties of the Cooperative to each Member, and the rights and duties of each Member to the Cooperative and to each other, shall be the same as those with respect to an expelled Member, except that all funds remaining within the Account and Annual Loss Funds shall be paid out to the Members of the Cooperative at the time of termination, in proportion to each Member's payments into the Account and remaining Annual Loss Funds. The Board shall have the right and obligation to determine and collect any Special Assessment required to eliminate any deficit in existence at or after the termination of the Cooperative. The Cooperative shall remain in effect until the close of all Annual Loss Funds, and all administrative matters involving the winding up of the Cooperative are completed.

### ARTICLE XIV

#### *Miscellaneous*

**Section 1. Fiscal Year.** The fiscal year of the Cooperative shall be the same as the plan year. The plan year shall run from December 31 of the then current year until December 30 of the next following year.

**Section 2. Notice.** Any notice required by this Agreement shall be in writing and shall be deemed to have been given when deposited with a nationally recognized overnight courier or deposited in the United States mail as first class, certified or registered mail, postage prepaid, and addressed as follows:

(a) If to the Cooperative, addressed to the Chairperson at the address of the Member where the Chairperson is an agency official or is employed;

(b) If to a Member, addressed to the Representative for the Member at the address provided to the Cooperative by the Member, or to the principal office of the Member;

(c) If to the Administrator, addressed to the principal office of the Administrator.

**Section 3. Section Headings.** The section headings inserted in this Agreement are for convenience only and shall not be construed to affect the scope or intent of this Agreement or the meaning of any provision herein.

**Section 4. Severability.** If any provision or the rules and regulations made pursuant hereto are held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of this Agreement, unless such illegality or invalidity prevents the accomplishment of the purposes of this Agreement.

**Section 5. Applicable Law.** This Agreement shall be construed solely under the applicable laws of the State of Illinois, and shall be enforceable by or against a Member or the Cooperative solely in the courts of Illinois having proper venue and jurisdiction over the parties.

**Section 6. 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 or 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.

**Section 7. Counterparts.** This Agreement, and any amendments thereto, may be executed in any number of separate counterparts, which taken together shall constitute a single instrument.

**Section 8. Binding.** This Agreement shall be binding on each of the Members and any successor thereof.

## **APPENDIX A**

### **List of Founding Members**

- 1) Village of Beecher
- 2) Village of Bradley
- 3) City of Braidwood
- 4) Village of Coal City
- 5) Village of Dwight
- 6) Village of Manteno
- 7) City of Marseilles
- 8) City of Mendota
- 9) City of Oglesby
- 10) Village of Oswego
- 11) Village of Peotone
- 12) City of Sandwich
- 13) City of Wilmington

## APPENDIX B

### List of Additional Members

- 1) City of Plano
- 2) Village of Bourbonnais
- 3) Village of Channahon
- 4) City of Peru
- 5) Village of Roscoe
- 6) City of Rochelle

## APPENDIX C

### Types of Insurance Coverages

Coverages provided:

- Property
- Flood
- Earthquake
- Inland Marine
- General Liability
- Public Officials' Errors and Omissions
- Crime
- Automobile Liability and Physical Damage
- Boiler and Machinery
- Workers Compensation
- Cyber Liability

**IN WITNESS WHEREOF**, the governing body of the government entity listed below has caused this Illinois Municipal Insurance Cooperative Intergovernmental Agreement to be executed by its fully authorized Officers as of the date listed below.

**City of Rochelle**

\_\_\_\_\_

(Print Full Legal Name of Member)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Member No. \_\_\_\_\_

**ILLINOIS PUBLIC RISK FUND  
POOLING AGREEMENT**  
*(As Amended and Restated in 2017)*

THIS AGREEMENT is made and entered into by and among the ILLINOIS PUBLIC RISK FUND (the "IPRF" or "Fund"), an Illinois not for profit corporation organized and operating as an intergovernmental joint insurance pool, and each of the members of the Fund (individually referred to herein as a "Member" and collectively as the "Members").

**RECITALS**

WHEREAS, the purpose of the Fund is to establish an intergovernmental joint insurance pool providing for the defense and payment when due of all compensation and other benefits under the Illinois Workers' Compensation Act and the Illinois Workers' Occupational Diseases Act (hereinafter referred to as the "Workers' Compensation Laws"), on behalf of "public agency members," as such term is defined by section 6 of the Illinois Intergovernmental Cooperation Act (5 ILCS 220/6), and other units of local government and public entities within the State of Illinois which may become eligible for membership from time to time according to the Intergovernmental Cooperation Act, or Article VII, Section 10 of the Illinois Constitution of 1970.

WHEREAS, the Illinois Intergovernmental Cooperation Act expressly authorizes public agencies to enter into intergovernmental contracts to jointly self-insure and utilize their funds to protect, wholly or partially, themselves and any public agency member of the contract against liability or loss in a designated insurable area; and

WHEREAS, the IPRF was established in 1985 to provide a means by which the public agency Members of the Fund could contract with each other pursuant to the Intergovernmental Cooperation Act in order to protect each other against liability or loss under the Workers' Compensation Laws; and

WHEREAS, the parties to this Agreement intend to create a valid, enforceable intergovernmental contract pursuant to the provisions of the Intergovernmental Cooperation Act by execution of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

**AGREEMENT**

**I. FUND OPERATIONS AND CLAIMS ADMINISTRATION.**

The IPRF will pay promptly when due the compensation and other benefits, including medical benefits, required of the Member by the Workers' Compensation Laws. The affairs of the Fund shall be managed by or under the direction of its Board of Trustees which shall provide

for the efficient administration of claims under the Workers' Compensation Laws and otherwise under any applicable law of the State of Illinois imposing employer liability for bodily injury by accident or disease. In that regard, the Board of Trustees shall be vested with all powers necessary to properly manage and direct the affairs of the IPRF, including but not limited to the power, as may be deemed necessary by the Board of Trustees in its full and complete discretion, to:

- A. Provide for the efficient administration of claims by either employing or contracting for the services of an independent third party claims administrator (the "Fund Claims Administrator" or "Fund Administrator"), or by employing or contracting for the services of claims administration personnel or staff, (the "Fund Claims Administration" or "Fund Administration"). The Fund Administrator or Fund Administration, as the case may be, shall have the responsibilities for claims processing and administration; the investigation and adjustment of claims; the management and reporting of claims; compensation, claims, and benefits payments; and, risk data management and reports, including the establishing and monitoring of reserves, among other duties as may be authorized, directed, or delegated from time to time by the Board of Trustees;
- B. Provide or contract for safety and loss control programs and services for the benefit of the Fund and its Members;
- C. Employ or contract for the services of an independent accountant (the "Fund Accountant") who, at the direction of the Board of Trustees and the Treasurer, shall be responsible for IPRF's day-to-day financial matters, including the collection of Members' current, past due, and delinquent accounts, premiums, contributions, assessments, and penalties; the keeping and maintenance of the Fund's financial records, statements, reports, and books of account; and, the satisfaction and payment of the Fund's bills, debts, and other financial obligations;
- D. Employ or contract for the services of an independent, fiduciary investment advisor (the "Fund Advisor"), if deemed necessary by the IPRF's Board of Trustees, to provide advice and management concerning the Fund's assets and investments in accordance with the purposes and investment guidelines established by the IPRF, the Intergovernmental Cooperation Act, and all other applicable duties and policies, standards, guidelines established, created by law, regulation, or resolution of the Board of Trustees;
- E. Employ or contract for the services of an exclusive Marketing Agent who shall be responsible for the promotion and marketing of the Fund, and its program and services;
- F. Authorize and direct the Fund Accountant and the Marketing Agent in the collection of delinquent accounts resulting from any unpaid premiums, contributions, assessments, or penalties;
- G. Cause each Member to execute this Pooling Agreement, governing, among other matters and things, the liability of all Members for claims against the Fund;

H. Obtain excess reinsurance coverage along with errors and omissions liability (E&O) and directors and officers (D&O) liability coverages for the Fund's Board of Trustees, officers, and employees with insurance companies acceptable to the Board of Trustees, and in amounts considered reasonably adequate to cover the liabilities of the Fund, its Board of Trustees, officers, and employees, and to keep and maintain such insurance policy coverages in full force and in effect at all times along with such other insurance coverages as the Board of Trustees may determine to be reasonably prudent and necessary to protect the Fund and its assets; and, to procure and maintain a fidelity bond covering the IPRF's Board of Trustees, individually and collectively, the Fund Treasurer, the Fund Accountant, and any other person required by law or deemed appropriate by the Board of Trustees, having any responsibility respecting the IPRF's monies and securities, in an amount sufficient to protect the Fund against loss, misappropriation, or misuse of any monies or securities;

I. Set standards for the admission of Members to the Fund which shall include such requirements, guidelines, and precautions as the Board of Trustees from time to time shall deem to be reasonable and appropriate to promote the safe, prudent, proper, and responsible operation of the Fund for the benefit of duly qualified and financially suitable Members that are seriously committed to sound safety practices, risk management, and loss control programs;

J. To employ or contract for the services of such other persons, parties, providers, vendors, or consultants as the Board of Trustees may from time to time deem reasonably necessary or desirable to carry out the purposes of the Fund and to assure the continuous, efficient, and cost-effective operations of its programs.

## **II. COST OF MEMBERSHIP.**

The Member's cost will be determined by the Board of Trustees. The Member's contribution or premium will be developed by an examination and audit of all the Member's records that relate to the coverages provided by this Agreement, including ledgers, journals, registers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data (the "payroll audit"). Rates, classifications, experience modification factors, and discounts approved by the Board of Trustees will be used to determine the Member's contribution or premium subject to the payroll audit.

## **III. ASSESSMENT PROVISIONS.**

Whenever the Board of Trustees determines by means of an audit, annual certified financial statements, actuarial opinion, or otherwise that the assets of the Fund are less than the reserves which prudently should be maintained by the Fund, or which are required to be maintained by any applicable law, rule or regulation, then the Fund shall direct its Treasurer and the Fund Accountant (as defined in the Fund's By-Laws) to assess each Member of the Fund that was a Member during the Fiscal Year (as defined below) in which the events or occurrences giving rise to such assessment occurred, the amount necessary (in the aggregate) to correct the deficiency. Members will be assessed pro rata based upon their annual contributions, provided that, in no event shall the annual total of any Member's assessment exceed the greater of ten percent (10%) of that Member's gross annual premium or contribution to the Fund for the most recent Fiscal or Fund Year, as such terms are defined herein and by the IPRF's By-Laws, or the amount required under the applicable rule, law or regulation giving rise to the assessment. In the

event of the inability of one or more Members, by reason of insolvency or otherwise, to pay such assessments, the Fund's Treasurer shall assess the other Members of the Fund for such unpaid amounts. Notwithstanding the foregoing, a Member's liability under this Section for assessments shall be limited to the period of such Member's membership in the IPRF and the later of either the three (3)-year period commencing with the close of the most recent Fiscal Year during which the events, occurrences, or claims giving rise to such assessments happened, or the three (3)-year period beginning with the close of the Fiscal Year during which such Member's membership in the Fund was terminated.

#### **IV. MEMBERS, TERMS, WITHDRAWAL, TERMINATION.**

A. Membership in the Fund is limited to "public agency members" as such term is defined by section 6 of the Illinois Intergovernmental Cooperation Act (5 ILCS 220/6), and other units of local government and public entities within the State of Illinois which may become eligible for membership from time to time according to the Intergovernmental Cooperation Act, or Article VII, Section 10 of the Illinois Constitution of 1970. Membership in the Fund is subject to the approval of the Fund's Board of Trustees, the Fund Administrator, and the Fund's excess reinsurance carrier.

B. The initial minimum term of IPRF membership is one (1) year, unless terminated earlier pursuant to this Agreement or Article VIII of the Fund's By-Laws.

C. After the initial one (1) year minimum term, a Member may withdraw or resign its membership in the Fund for any year thereafter upon the giving of not less than ninety (90) days written notice to the IPRF Board of Trustees of its intent to withdraw or resign and, such resignation shall take effect no sooner than ninety (90) days from the date such notice is given.

D. A Member's written notice tentatively terminating such Member's membership must be rescinded, if at all, by subsequent written notice received by the IPRF no later than December 31 of the calendar year in which notice of the tentative termination is given. If the tentative termination is not rescinded, the Member's membership in the IPRF will be terminated as of midnight on December 31 of such year. If the Member does timely rescind its tentative termination as provided in this paragraph, such Member's membership shall be renewed in the ordinary course, with no interruption in coverage.

E. A Member may be terminated from the IPRF under rules set forth in the Funds By-Laws for reasons which include, but are not limited to, the following:

- (1) When the Member fails to pay the premium, contribution, assessment, or other amounts due and payable to the Fund in full;
- (2) When the Member fails to cooperate with the Fund, or with its Trustees, Marketing Agent, officers, employees, contractors, or agents, in regards to audits, payments, financial and claims reporting, safety, loss control, and prevention, or any other subject having to do or connected in any way with the operations and purposes of the IPRF as determined by the Board of Trustees in its sole discretion;

(3) When the Member fails to carry out the recommendations of any safety, loss control, or prevention survey, inspection, or examination, or fails to adhere to generally accepted accounting or financial practices, or fails to follow the IPRF's safety, loss control, risk prevention, or claims reduction standards, policies, or programs as determined by the Board of Trustees in its sole discretion;

(4) When the Member fails to meet the membership eligibility requirements set forth in Paragraph IV(A) above, as determined at any time by the Board of Trustees in its sole discretion;

(5) When the Member engages in conduct detrimental to the integrity, stability, or strength of the IPRF or any of its programs as determined by the Board of Trustees in its sole discretion; or

(6) When the member fails to meet other requirements for continued participation that may be determined by the Board of Trustees in its sole discretion to preserve the stability and strength of the Fund and which are consistent with the provisions of the By-Laws, including participation in the programs or efforts designed to reduce losses or adjust claims in order to carry out the purposes for which the IPRF was established.

**F. REGARDLESS OF THE EFFECTIVE DATE OF ANY MEMBER'S VOLUNTARY OR INVOLUNTARY TERMINATION OF MEMBERSHIP IN THE FUND, PAID PREMIUMS WILL NOT BE REFUNDED OR PRO-RATED.**

**V. COVERAGE INDEMNITY AND DEFENSE.**

In consideration of payment of the Member's contributions as described in this Agreement in general, and as set forth in Part II in particular, the Fund agrees:

A. *Coverage:* The Fund will pay promptly when due all compensation and other benefits, including medical benefits, required of the Member by the Workers' Compensation Laws and as such Laws may be amended from time to time.

B. *Defense. Settlement. Supplementary Payments:* As respects the coverage afforded by the other terms of this Agreement, the Fund shall:

(1) Defend any proceeding against the Member seeking such compensation and other benefits and any suit against the Member alleging work-related accidental injuries or occupational diseases, as those terms are defined under the Workers' Compensation Laws and seeking damages on account thereof, even if such proceeding or lawsuit is groundless, false, or fraudulent, but the Fund may make such investigation, negotiation, and settlement of any claim or suit as it deems expedient or necessary.

(2) Pay all expenses incurred by the Fund, all costs taxed against the Member in any such proceeding or suit, and all interest accruing after entry of award or judgment until the Fund has paid, tendered, or deposited such part of such judgment as does not exceed the limit of the Fund's liability thereon;

provided, however, that in no event shall the Fund be responsible for payment of any fines, penalties, or interest thereon imposed upon a Member as a result of such Member's violation of or misconduct under the Workers' Compensation Laws or otherwise.

C. Applicability of Coverage: The coverage, compensation, other benefits, defense, and payments provided under this Agreement apply or is accorded only to accidental injuries, disablements, exposures, and fatalities (as those terms are defined under the Workers' Compensation Laws) occurring during the membership term. All states coverage will be provided by the Fund.

D. Conditions: Classifications, rates, modification factors, and discounts, shall be determined by the Board of Trustees in its sole discretion. Each Member shall maintain records of the information necessary for contribution or premium computation, and the IPRF, its Board of Trustees, the Fund Accountant and its duly authorized agents and representatives shall be allowed to examine and audit all of the Member's records that relate to the coverage, indemnity and defense provided by this Agreement, including ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for sharing and receiving data. The IPRF may conduct the audits during regular business hours during the membership or coverage period and within three (3) years after such membership or coverage period ends. Information developed by audit will be used to determine the amount of any final premium or contribution due under this Agreement subject to the right of the Fund through its Board of Trustees to determine and set the amount of any premium, contribution, assessment, debt, penalty, or other amount due to be paid the IPRF in its full and sole discretion.

## **VI. MEMBERS' OBLIGATIONS.**

Each Member agrees to be bound by all of the terms and conditions of this Agreement, any subsequent amendments, revisions or alterations of this version of the Agreement (each version to be retained in IPRF's books and records), the IPRF's By-Laws, as they may be amended from time to time, and to abide by any rules, resolutions, and regulations that are promulgated by the Board of Trustees for the administration of the Fund, which shall include, but not be limited to, the following:

A. Each Member agrees to initiate and maintain a safety program to give its employees safe and sanitary working conditions and agrees to follow the general recommendations of the IPRF, its Board of Trustees, and their duly authorized agents and representatives to promote the general welfare of such Member's employees. Each Member, however, shall remain solely responsible for all decisions concerning its safety program and practices and may not rely upon evaluations or recommendations made by the IPRF, its Board of Trustees, or their duly authorized agents and representatives in making decisions concerning such Member's safety program and practices.

B. When an injury or disablement to an employee of a Member covered by this Agreement occurs, the Member shall immediately provide for immediate emergency and other medical services as provided by Sections 8(a) of the Illinois Workers' Compensation Act (820 ILCS 305/8(a)), and shall immediately notify the IPRF of the loss or claim and cause to be prepared and transmitted to the Fund Administrator or Fund

Administration, as the case may be, an Employers First Report of Injury (Form 45) as prescribed by the IPRF, the Illinois Workers' Compensation Commission and the Federal Occupational Safety and Health Administration (OSHA).

C. If a claim is made or suit or other proceeding is brought against the Member, then the Member shall immediately forward to the IPRF every demand, notice, summons, claim form, suit or other legal or administrative process received by it.

D. The Member shall cooperate with the IPRF and, upon the Funds request, shall attend all hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and otherwise cooperate in the conduct of all suits, hearings, or proceedings. The Member shall not, except at its own cost, which shall not be reimbursed by the Fund, voluntarily make any payment, assume any obligation, or incur any expense other than for such immediate medical and other services at the time of the injury as are required by the Workers' Compensation Laws or otherwise.

E. Each Member shall make prompt payment of all contributions, premiums, assessments, and other amounts due as required under this Agreement and the Fund's By-Laws.

F. Each Member does hereby appoint the IPRF as its agent to act in the Member's behalf to file reports and to make or arrange for payment of claims, medical expenses, and all other things required or necessary insofar as they affect the Member's liability under the Workers' Compensation Laws or such Member's obligations under the rules, regulations, and orders of the Illinois Workers' Compensation Commission or any other administrative agency or court having jurisdiction.

G. Each Member agrees that in the event of the payment of any compensation, other benefits, defense or other payments by the IPRF under this Agreement, the Fund shall be subrogated to the extent of such payment to all rights of the Member against any person or other entity legally responsible for such damages or losses, and in such event, the Member hereby agrees to render all reasonable assistance, other than pecuniary assistance, to effect recovery.

H. The IPRF, its Board of Trustees, and any of their duly authorized agents, employees, and attorneys, and a representative shall be permitted at all reasonable times to inspect the Member's work places, plants, works, machinery, and appliances covered by this Agreement, and shall be permitted at all reasonable times and within three (3) years following termination of membership to examine the Member's books, vouchers, contracts, documents, and records of any and every kind which show or tend to show or verify contributions, premiums, or other amounts which are due or payable, or which were paid to the Fund.

I. In consideration of the rights, privileges, and benefits of IPRF membership, the Member agrees and consents that it may be sued by the Fund in any Illinois court having jurisdiction for any premiums, assessments, contributions, debts, penalties, or other monies that are not paid to the Fund on the due date thereof, including but not limited to all reasonable attorneys' fees, expenses, and costs incurred by the Fund in the collection

process through litigation, arbitration, or otherwise. Each Member further specifically agrees, consents, and submits to the jurisdiction, venue, and service of process of the Circuit Court of DuPage County, Illinois.

**VII. EFFECTIVE TIME AND DATE.**

The Fund shall operate on a fiscal year consistent with the calendar year beginning on the first day of January and ending on the last day of December (the "Fiscal Year" or "Fund Year"), and effective date of this Agreement shall be the date the parties entered into this Amended and Restated Pooling Agreement as set forth below.

**VIII. ENTIRE AGREEMENT.**

This Amended and Restated Pooling Agreement supersedes any prior Pooling Agreement between the parties.

IN WITNESS WHEREOF, the parties hereto have entered into this Amended and Restated Pooling Agreement as of date set forth below.

**ILLINOIS PUBLIC RISK FUND**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**MEMBER**

\_\_\_\_\_  
(Print name of Member)

By: \_\_\_\_\_

Title: \_\_\_\_\_

# **ILLINOIS PUBLIC RISK FUND**

*An Illinois Not-For-Profit Corporation*

## **BY-LAWS**

*(As Amended and Restated to Be Effective August 16, 2017)*

### **ARTICLE I**

#### **Name and Address**

Section 1.1 The name of this not-for-profit corporation shall be the ILLINOIS PUBLIC RISK FUND, hereinafter referred to as the "IPRF" or "Fund".

Section 1.2 The IPRF shall be a corporation organized under the laws of the State of Illinois, pursuant to the General Not for Profit Corporation Act of 1986, as amended (805 ILCS 105/101.1 *et seq.*).

Section 1.3 The registered office of the IPRF shall be in the City of Naperville, County of DuPage, State of Illinois, or at such other place as may be designated by the Fund's Board of Trustees.

### **ARTICLE II**

#### **Purpose**

The purpose of the Fund is to establish an intergovernmental joint insurance pool providing for the defense and payment when due of all compensation and other benefits under the Illinois Workers' Compensation Act and the Illinois Workers' Occupational Diseases Act (hereinafter referred to as the "Workers' Compensation Laws"), on behalf of "public agency members," as such term is defined by section 6 of the Illinois Intergovernmental Cooperation Act (5 ILCS 220/6), and other units of local government and public entities within the State of Illinois which may become eligible for membership from time to time according to the Intergovernmental Cooperation Act, or Article VII, Section 10 of the Illinois Constitution of 1970.

### **ARTICLE III**

#### **Membership**

Section 3.1 The Fund shall have one class of members (individually referred to herein as a "Member" and collectively as the "Members"). To be eligible for membership, applicants must qualify as "public agency members" as such term is defined by section 6 of the Illinois Intergovernmental Cooperation Act (5 ILCS 220/6), or as other units of local government and public entities within the State of Illinois, which may become eligible for membership from time to time according to the Intergovernmental Cooperation Act, or Article VII, Section 10 of the Illinois Constitution of 1970, and must:

- (a) File with the IPRF through its Marketing Agent, consultants, or other duly authorized persons as may be designated by the Fund from time to time, the applications, questionnaires, and other materials required by the Board of Trustees and the Fund's insurers and reinsurers;
- (b) Be qualified, approved, and accepted for membership by the IPRF and the Fund's insurers and reinsurers;

(c) Execute the IPRF's Pooling Agreement, constituting an intergovernmental agreement or contract under the Intergovernmental Cooperation Act, acknowledging the applicant's intent to jointly self-insure and participate in a joint insurance pool, and also indicating the applicant's promise of prompt, full, and complete compliance with these By-Laws and with the provisions of the Fund's guarantees of coverage, indemnity, and defense to claims under the Workers' Compensation Laws for and on behalf of all of the public agencies who are now or may hereafter become Members of the Fund;

(d) Execute any and all agreements and documents as may be necessary or required by the IPRF, its Board of Trustees, employees, contractors, consultants, agents, and representatives including, but not limited to, the Fund's Marketing Agent, the Fund Administration or Fund Administrator, the Fund Accountant, and the Fund's insurers and reinsurers; and, such other agreements and documents as may be necessary or required by governmental agencies, including the Illinois Workers' Compensation Commission;

(e) Submit to audits, examinations, and inspections by the IPRF and its duly authorized employees, contractors, consultants, agents, and representatives; provided, however, that neither the right to conduct audits, examinations, and inspections, nor the conducting and making thereof, nor any report thereon, shall constitute a duty or undertaking on behalf or for the benefit of any applicant, Member, or third party to determine or warrant that such records, things, and places audited, examined, or inspected are in compliance with any law, statute, rule, regulation, ordinance, code, or standard, or are not hazardous to the health or safety of any person; and

(f) Demonstrate a serious commitment to intergovernmental cooperation, and to loss control, accident prevention, safety, and risk reduction.

Section 3.2 Upon the filing of an application for membership in the Fund and related documents, the IPRF, through procedures and personnel acceptable to its Board of Trustees, shall investigate the applicant to assure that only duly qualified and financially sound Illinois public agencies, employing generally accepted accounting and financial practices, and demonstrating good safety records, practices, and programs, become Members of the Fund.

Section 3.3 Upon approval of an application for membership in the IPRF by the Fund's Board of Trustees or their duly authorized representatives, the applicant will be admitted to membership in the Fund and shall continue as a Member of the Fund unless and until such membership is terminated as hereinafter provided. No membership certificate of the Fund shall be required. Membership in the IPRF is not transferable or assignable, and no applicant shall become a Member without first being approved, accepted, and admitted by the Fund's Board of Trustees or their duly authorized representatives.

Section 3.4 In consideration of the rights, privileges, and benefits of IPRF membership, the Member agrees and consents that it may be sued by the Fund in any Illinois court having jurisdiction for any premiums, assessments, contributions, debts, penalties, or other monies that are not paid to the Fund on the due date thereof, including, but not limited to, all reasonable attorneys' fees, expenses, and costs incurred by the Fund in the collection process through litigation, arbitration, or otherwise. Each Member further specifically agrees, consents, and submits to the jurisdiction, venue, and service of process of the Circuit Court of DuPage County, Illinois.

Members agree to indemnify, defend and hold harmless the IPRF, to the fullest extent authorized or permitted by law, against any and all claims, demands, causes of action, expenses

(including attorney's fees), damages, judgments, fines and amounts paid that IPRF becomes legally obligated to pay because of any claim or claims made against any Member by reason of the Member's intentional violation of any applicable law, rule, regulation, court order, or any breach (whether intentional or otherwise) of any term, provision or agreement of either the Pooling Agreement executed by and between IPRF and the Member, or the IPRF's By-Laws. The Member's responsibility to indemnify, defend and hold harmless IPRF shall continue beyond the Member's membership in the Fund so long as the IPRF shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitrational, administrative or investigative, by reason of the acts and/or omissions to act by the Member, or any of its agents, officers, employees or assigns.

#### **ARTICLE IV** **Board of Trustees**

Section 4.1 The affairs of the IPRF shall be managed by or under the direction of its Board of Trustees. The number of Trustees which shall constitute the whole board shall be five (5). The Board of Trustees shall be divided into two classes. Class I shall consist of two Trustees who, if the Fund has appointed a Marketing Agent, shall be representatives of such Marketing Agent. The Trustees of Class I shall be nominated and elected for a term of five (5) years. Class II shall consist of three Trustees who shall be nominated and elected for a term of three (3) years. Thereafter, as the Class I Trustees' respective terms of office expire, their successors shall be elected for a term of five (5) years, and as the Class II Trustees' respective terms of office expire, their successors shall be elected for a term of three (3) years. All Trustees shall hold office for the term for which they were elected and until their successors are elected and qualified. If the number of Trustees is changed, then any increase or decrease shall be apportioned among the classes so as to maintain or attain, if possible, the equality of the number of Trustees in each class, but in no case will a decrease in the number of Trustees shorten the term of any incumbent Trustee.

Section 4.2 The Board of Trustees shall be vested with all powers necessary to properly manage and direct the affairs of the IPRF, including, but not limited to, the power, as may be deemed necessary by the Board of Trustees in its full and complete discretion, to:

- (a) Provide for the efficient administration of claims by either employing or contracting for the services of an independent third party claims administrator (the "Fund Claims Administrator" or "Fund Administrator"), or by employing or contracting for the services of claims administration personnel or staff (the "Fund Claims Administration" or "Fund Administration"). The Fund Administrator or Fund Administration, as the case may be, shall have the responsibilities for claims processing and administration; the investigation and adjustment of claims; the management and reporting of claims; compensation, claims, and benefits payments; and, risk data management and reports, including the establishing and monitoring of reserves and serving as attorney-in-fact, among other duties as may be authorized, directed, or delegated from time to time by the Board of Trustees;
- (b) Provide or contract for safety and loss control programs and services for the benefit of the Fund and its Members;
- (c) Employ or contract for the services of an independent accountant (the "Fund Accountant") who, at the direction of the Board of Trustees and the Treasurer, shall be responsible for IPRF's day-to-day financial matters, including the collection of Members' current, past due, and delinquent accounts, premiums, contributions, assessments, and

penalties; the keeping and maintenance of the Fund's financial records, statements, reports, and books of account; and, the satisfaction and payment of the Fund's bills, debts, and other financial obligations;

(d) Employ or contract for the services of an independent, fiduciary investment advisor (the "Fund Advisor"), if deemed necessary by the IPRF's Board of Trustees, to provide advice and management concerning the Fund's assets and investments in accordance with the purposes and investment guidelines established by the IPRF, the Intergovernmental Cooperation Act, and all other applicable duties and standards created by law, regulation, or resolution of the Board of Trustees;

(e) Employ an exclusive Marketing Agent who shall be responsible for the promotion and marketing of the Fund, and its program and services;

(f) Authorize and direct the Fund Accountant and the Marketing Agent in the collection of delinquent accounts resulting from any unpaid premiums, contributions, assessments, or penalties;

(g) Cause each Member to execute a Pooling Agreement governing, among other matters and things, the liability of all Members for claims against the Fund;

(h) Obtain excess reinsurance coverage, along with errors and omissions liability (E&O) and directors and officers (D&O) liability coverages for the Fund's Board of Trustees, officers, and employees with insurance companies acceptable to the Board of Trustees, and in amounts considered reasonably adequate to cover the liabilities of the Fund, its Board of Trustees, officers, and employees, and to keep and maintain such insurance policy coverages in full force and effect at all times along with such other insurance coverages as the Board of Trustees may determine to be reasonably prudent and necessary to protect the Fund and its assets; and, to procure and maintain a fidelity bond covering the IPRF's Board of Trustees, individually and collectively, the Fund Treasurer, the Fund Accountant, and any other person required by law or deemed appropriate by the Board of Trustees, having any responsibility respecting the IPRF's monies and securities, in an amount sufficient to protect the Fund against loss, misappropriation, or misuse of any monies or securities;

(i) Set standards for the admission of Members to the Fund which shall include such requirements, guidelines, and precautions as the Board of Trustees from time to time shall deem to be reasonable and appropriate to promote the safe, prudent, proper, and responsible operation of the Fund, for the benefit of duly qualified and financially suitable Members that are seriously committed to sound safety practices, risk management, and loss control programs; and

(j) Employ or contract for the services of such other persons, parties, providers, vendors, or consultants as the Board of Trustees may from time to time deem reasonably necessary or desirable to carry out the purposes of the Fund and to assure the continuous, efficient, and cost-effective operation of its programs.

Section 4.3 A Trustee may resign at any time upon written notice to the Board of Trustees. Any Trustee may be removed from office at any time, but only for cause, by the affirmative vote of a majority of the entire Board of Trustees.

Section 4.4 Whenever any vacancy shall occur on the Board of Trustees by reason of death, incapacity, resignation, removal, or otherwise, a majority of the Trustees then in office, though less than a quorum, may fill such vacancy or vacancies at any meeting, and the person so elected shall be a Trustee until his or her successor is elected by the Board of Trustees at an annual meeting, or at any special meeting of the Board of Trustees duly called for that specific purpose, and shall qualify. The resignation of a Trustee shall be effective upon receipt of the written notice thereof by the Chairman of the Board of Trustees, or at a subsequent time as set forth in the notice of resignation.

Section 4.5 Subject to any specific limitation or restriction imposed by law or by these By-Laws, the Board of Trustees is authorized to direct, by appropriate action, the carrying out of the IPRF's purposes as set forth in these By-Laws, and to exercise all of the powers of the Board of Trustees or directors provided by law and these By-Laws, and any and all persons and parties dealing with the Fund shall have the right to rely upon any action taken pursuant to authority of the Board of Trustees.

## **ARTICLE V**

### **Officers**

Section 5.1 The officers of the Fund shall be a Chairman of the Board of Trustees, a President, a Secretary, a Treasurer, and such other officers as may be elected or appointed by the Board of Trustees. Officers whose authority and duties are not defined in these By-Laws shall have the authority and perform the duties prescribed and directed, from time to time, by the Board of Trustees. Any two or more offices may be held by the same person.

Section 5.2 The officers of the Fund shall be elected annually by the Board of Trustees at the first regular meeting of the Board of Trustees of each fiscal year. Officers must be Members of the Board of Trustees. If the election of officers shall not be held at such meeting, then such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled and new offices created and filled, at any meeting of the Board of Trustees. Each officer shall hold office until his or her successor shall have been duly elected and qualified, or until his or her death, or until he or she shall resign or shall have been removed in the manner hereinafter provided. Election of an officer shall not of itself create contract rights.

Section 5.3 Any officer elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever, in its judgment, the best interests of the Fund would be served thereby.

Section 5.4 The Chairman of the Board of Trustees shall preside at all meetings of the Members and of the Board of Trustees, shall discharge all duties incident to the office of Chairman of the Board of Trustees, and shall perform all other duties as may be prescribed by the Board of Trustees.

Section 5.5 The President shall assist the Chairman in the discharge of his or her duties as the Chairman may direct, and shall perform such other duties as from time to time may be assigned to him or her by the Chairman or the Board of Trustees. In the absence of the Chairman, or in the event of his or her inability or refusal to act, the President shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman.

Section 5.6 The Secretary shall (a) record the minutes of any and all meetings of the Members and of the Board of Trustees in one or more books provided for that purpose; (b) see that any notices are duly given in accordance with the provisions of these By-Laws or as required

by law; (c) be a custodian of the corporate records; and, (d) perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the Chairman or by the Board of Trustees.

Section 5.7 The Treasurer shall keep, or cause to be kept by the Fund Accountant, a record of all the Members participating in the Fund, and shall keep, or cause to be kept by the Fund Accountant, a ledger account of the premiums, contributions, and assessments, and shall bill or invoice, or cause to be billed or invoiced, the Members when any such amounts are due and payable to the IPRF. The Treasurer shall also be responsible for all monies paid to and collected by the Fund, and shall be responsible for administering the timely collections from each Member of the premiums, contributions, and assessments established by the Board of Trustees. The Treasurer may, with approval of the Board of Trustees, (a) engage outside financial and accounting services to assist him or her in discharging all or part of his or her duties; (b) direct the Fund Accountant to collect Members' current and delinquent accounts, premiums, contributions, assessments, and penalties; and, (c) enter into contracts and fiduciary agreements as necessary to protect the assets of the IPRF and further the Fund's purposes.

Section 5.8 The Treasurer shall prepare and forward or cause to be prepared and forwarded to the Board of Trustees and to the Members upon request, no later than sixty (60) days after the end of each annual fiscal reporting period of the Fund (the "Fund Year"), a financial accounting showing the balance in the Fund's accounts at the end of the Fund Year, current period contributions, and the amount and nature of all investments and payments, including a separate accounting for claims, management, legal and accounting expenses, claims paid, and the Fund balance.

## **ARTICLE VI**

### **Meetings of the Board of Trustees**

Section 6.1 The annual meeting of the Board of Trustees shall be held during the month of March in each calendar year, at the principal office of the Fund or other such place as may be designated by the Board of Trustees, for the purpose of electing Trustees, in the event that there is a vacancy on the Board of Trustees or the term of any class of Trustees has expired, and for the transaction of such other business as may properly be brought before the meeting.

Section 6.2 The Chairman or any two (2) or more Trustees may call a special meeting of the Board of Trustees at any time, to be held at the principal office of the Fund, or at such other place within the State of Illinois as the person or persons calling the meeting shall designate.

Section 6.3 Notice of the time, place, and purpose of all meetings of the Board of Trustees shall be provided to each Trustee by the Chairman of the Board of Trustees, or his designee, not less than five (5) nor more than thirty (30) days before the meeting. Meetings of the Board may be held on less than five (5) days' notice if consented to by any four (4) or more Trustees. Whenever any notice is required by this Section, a waiver thereof in writing, signed by the person or persons entitled to such notice, and sent or delivered by them before the holding of the meeting by mail, express delivery, facsimile, other electronic means, or personally shall be deemed equivalent to the giving of such notice.

Section 6.4 Four (4) Members of the Board of Trustees shall constitute a quorum for the transaction of business, and the action of a majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees, except actions by a majority or greater number of the Trustees then in office may be specifically required by other sections of

these By-Laws. If there shall be less than a quorum present at any meeting of the Board of Trustees, then a majority of those present may adjourn the meeting from time to time until a quorum is present.

Section 6.5 Trustees may participate in and act at any meeting of the Board of Trustees through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in a meeting by such means shall constitute attendance and presence in person at such meeting.

Section 6.6 Unless otherwise restricted by the Articles of Incorporation or these By-Laws, any action required or permitted to be taken at a meeting of the Board of Trustees may be taken without a meeting if all members of the Board consent thereto in writing and the writing is filed with the minutes of proceedings of the IPRF Board of Trustees.

Section 6.7 The Board of Trustees, by the affirmative vote of Trustees then in office and irrespective of any personal interest of any Trustee, shall have the authority to establish reasonable compensation for all Trustees for services to the Fund as directors, officers, or otherwise notwithstanding any Trustee's conflict of interest. By resolution of the Board of Trustees, Trustees may be paid their expenses, if any, of attendance at each meeting of the Board of Trustees or any Committee thereof. No such payment shall preclude any Trustee from serving the Fund in any other capacity and receiving reasonable compensation therefor. The salaries and other compensation of the officers and employees of the IPRF, if any, shall be fixed from time to time by the Board of Trustees, and no officer or employee of the IPRF shall be prevented from receiving such salary or other compensation by reason of the fact that he or she is also a Trustee.

Section 6.8 The Board of Trustees, by resolution adopted by a majority of the Trustees in office, may designate one or more Committees, each of which will consist of two (2) or more Trustees and such other person or persons as the Board of Trustees shall designate, provided that the majority of each Committee's membership shall be Trustees. The Committees, to the extent provided for by the Board of Trustees and not restricted by law, shall have and exercise the authority of the Board of Trustees in the management of the IPRF, but the establishment of Committees and the delegation thereto of authority shall not operate to relieve the Board of Trustees, or any individual Trustee, of any duty or responsibility imposed by law. Committee members shall be designated by the Board of Trustees at the annual meeting of the Board of Trustees. If the designation of Committee members shall not take place at such annual meeting, then the designation shall take place as soon thereafter as conveniently may be. Vacancies on Committees may be filled, and new positions created and filled, at any meeting of the Board of Trustees. Each Committee member shall keep and maintain his or her Committee membership until his or her successor shall have been duly appointed and qualified, or until his or her death, or until he or she shall resign, or shall have been removed by the Board of Trustees.

## **ARTICLE VII**

### **Membership Meetings**

Section 7.1 The annual meeting of the Members of the Fund may be held immediately following and at the same place as the annual meeting of the Board of Trustees, or as may be provided by resolution of the Board of Trustees, for the transaction of such business as may properly be brought before the meeting.

Section 7.2 Special meetings of the Members may be called by the Chairman of the Board of Trustees, by the Board of Trustees, or by not less than fifty percent (50%) of the Members of the Fund.

Section 7.3 Notice stating the place, day, and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is being called, shall be given not less than five (5) nor more than sixty (60) days before the date of the meeting.

Section 7.4 A majority of the current membership shall constitute a quorum at all meetings of the membership of the Fund.

Section 7.5 Each Member shall be entitled to one vote upon each matter submitted by the Board of Trustees to a vote at a meeting of Members; provided, however, that Members shall have no right to vote for the election of or removal of any Trustee of the Board of Trustees.

Section 7.6 Meetings of the membership of the Fund shall be presided over by the duly elected Chairman of the Board of Trustees, or in his or her absence by the President. The Secretary of the Board of Trustees shall act as Secretary of the meeting. All questions shall be decided by the vote of a majority of the Members present and voting at the meeting unless otherwise provided by law or these By-Laws.

## **ARTICLE VIII**

### **Termination of Membership**

Section 8.1 The IPRF by action of its Board of Trustees may cancel or terminate the membership of any Member at any time for reasons that include, but are not limited to, the following:

- (a) When the Member fails to pay the premium, contribution, assessment, or other amounts due and payable to the Fund in full;
- (b) When the Member fails to cooperate with the Fund, or with any of its Trustees, Marketing Agent, officers, employees, contractors, or agents, in regards to audits, payments, financial and claims reporting, safety, loss control, and prevention, or any other subject having to do or connected in any way with the operations and purposes of the IPRF as determined by the Board of Trustees in its sole discretion;
- (c) When the Member fails to carry out the recommendations of any safety, loss control, or prevention survey, inspection, or examination, or fails to adhere to generally accepted accounting or financial practices, or fails to follow the IPRF's safety, loss control, risk prevention, or claims reduction standards, policies, or programs as determined by the Board of Trustees in its sole discretion;
- (d) When the Member fails to meet the membership eligibility requirements set forth in Article III above, as determined at any time by the Board of Trustees in its sole discretion; or
- (e) When the Member engages in conduct detrimental to the integrity, stability, or strength of the IPRF or any of its programs as determined by the Board of Trustees in its sole discretion.

Section 8.2 After the initial 1-year term of required IPRF membership, a Member may resign from membership in the Fund at any time, subject to the requirements and upon the terms set forth in Section 8.3 below.

Section 8.3 The date on which a Member ceases to be a Member of the Fund shall be determined according to this Section 8.3, as follows:

(a) In the event the Fund terminates a Member for any of the reasons set forth in paragraphs (a) through (e) of Section 8.1, then such Member shall cease to be a Member of the Fund on the thirtieth (30th) day after the Fund gives the Member notice (delivered electronically or by certified or registered mail) of such termination, unless within such thirty (30)-day period, the reasons for the Member's termination are corrected or cured, as the case may be, to the full and complete satisfaction of the IPRF as determined by the Board of Trustees in its sole discretion.

(b) In the event a Member elects to resign from the Fund, then it shall give written notice to the IPRF's Board of Trustees of its intent to resign, and such resignation shall take effect no sooner than ninety (90) days from the date such notice is given. **REGARDLESS OF THE EFFECTIVE DATE OF ANY MEMBER'S VOLUNTARY OR INVOLUNTARY TERMINATION OF MEMBERSHIP IN THE FUND, PAID PREMIUMS WILL NOT BE REFUNDED OR PRO-RATED.**

(c) A Member's written notice tentatively terminating such Member's membership must be rescinded, if at all, by subsequent written notice received by the IPRF no later than December 31<sup>st</sup> of the calendar year in which notice of the tentative termination is given. If the tentative termination is not rescinded, the Member's membership in the IPRF will be terminated as of midnight on December 31<sup>st</sup> of such year. If the Member does timely rescind its tentative termination as provided in this paragraph, such Member's membership shall be renewed in the ordinary course, with no interruption in coverage.

Section 8.4 No liability shall accrue to the IPRF, its Members, or any of them on account of any claim arising out of any accident, injury, exposure, disability, or disablement occurring or manifesting itself after the date on which the responsible employing Member ceases to be a Member of the Fund by operation of Section 8.3 above.

Section 8.5 Any Member whose IPRF membership is terminated by reason of any act or omission set forth in Section 8.1 of this Article shall only have such right or interest to any excess final premiums or contributions, whether or not previously declared to be payable by the Fund, determined after the date on which the Member ceases to be a member of the Fund using the Member's actual, audited payroll remuneration and the applicable classifications and rates; and, such right to a refund of unearned premiums or contributions shall be determined by the Board of Trustees in its sole discretion.

Section 8.6 A former Member of the Fund may seek reinstatement of its membership in the IPRF, but only by filing a new application for membership with the Fund, meeting all the requirements of a new applicant as set forth in these By-Laws, and by paying in full and in advance any and all such former Member's past due accounts for unpaid and delinquent premiums, contributions, debts, assessments, and penalties, including all reasonable attorney's fees and other costs and expenses incurred by the Fund in pursuing the collection process through litigation, arbitration, or otherwise, if any.

Section 8.7 The IPRF may elect, in the sole discretion of its Board of Trustees, not to renew the membership of any Member at the end of the applicable Fund year or coverage period upon written notice of cancellation or non-renewal sent to the Member.

**ARTICLE IX**  
**Premiums and Finances**

Section 9.1 All premiums, contributions, assessments, charges, or other amounts payable, as determined by the Board of Trustees in its sole discretion, shall be paid promptly by each Member to the Fund or the Fund Accountant when due. The Board of Trustees shall have custody and control over the assets of the Fund.

Section 9.2 All premium or contribution rates, discounts and credits, and the amounts thereof if any, shall be determined by the Board of Trustees in its sole discretion. At the end of every Fund Year or coverage period, each Member's financial, payroll, and tax records shall be examined by the Fund to determine the actual or final premium or contribution amount due for the Fund Year or coverage period then concluded.

Section 9.3 The Trustees shall open and maintain such accounts as they deem necessary for the operation of the Fund in accordance with established financial, accounting, and investment guidelines and principals.

Section 9.4 Advance premium discounts may be offered to Members on an individual basis and in amounts to be determined in the sole discretion of the Board of Trustees.

Section 9.5 Any surplus monies for a Fund Year in excess of the amounts necessary to fulfill all obligations of the Fund under the laws of Illinois and to satisfy all Fund expenses for that fiscal or coverage year may be refunded to IPRF Members on a pro rata basis at such times and under such terms, conditions, and provisions as agreed to and determined by the Board of Trustees in its sole discretion. Eligibility to receive the discretionary pro rata refund or "dividend" described in this Section shall be limited to only those Members who were both (a) members of the Fund for the full duration of the fiscal year or Fund Year for which a surplus exists for distribution as determined by the Board of Trustees in its sole discretion, and (b) whose membership is deemed to be in good standing by the Board of Trustees without withdrawal, resignation, notice of resignation, or cause for termination under Article VIII of these By-Laws or the Pooling Agreement on both the date a refund or dividend is declared and the record date of payment.

Section 9.6 Each Member of the Fund shall pay the full amount of its premium, contribution, assessment, or other cost of membership within thirty (30) days of the date of the IPRF's invoice or statement. The IPRF and its Board of Trustees are without authority to extend credit to any Member of the Fund. The IPRF by action of its Board of Trustees in its full and complete discretion, however, may adopt regular payment plans or schedules for the payment of a Member's annual premium or contribution. The failure to pay premiums, contributions, assessments, or other costs shall subject the Member to dismissal or termination from the Fund as provided in Article VIII of these By-Laws.

**ARTICLE X**  
**Fund Claims Administration**

Section 10.1 The Board of Trustees shall provide for the administration, handling, and adjustment of claims by either contracting for such claims management services from an independent third-party claims administrator or by employing claims administration personnel directly or indirectly. In either case, the party or persons performing claims administration services shall be known as the Fund Administrator having such duties and responsibilities as the Board of Trustees may from time to time direct or delegate.

Section 10.2 The Fund Administrator, Fund Accountant, Fund Advisor, Marketing Agent, and any other IPRF employee, contractor, vendor, consultant, agent, or representative, upon invitation of the Chairman of the Board of Trustees, shall attend meetings of the Board of Trustees, the Committees of the Board, and the Fund membership , both regular and special.

Section 10.3 The Fund Administrator or Fund Administration may, with approval of the Board of Trustees, provide for outside legal, financial, and other services, and may enter into fiduciary relationships and other contractual arrangements as determined by the Board of Trustees in its sole judgment and discretion to be reasonable and necessary to protect the assets of the Fund and to further the IPRF's purposes.

**ARTICLE XI**  
**Miscellaneous**

Section 11.1 Each Member shall cooperate with the IPRF, and its Board of Trustees, officers, employees, contractors, vendors, consultants, agents, and representatives to the fullest extent possible. Members shall keep and maintain accurate records accessible to the IPRF, including financial, payroll, and tax records, safety records, and accident reports; and, Members shall be willing and able to take any and all necessary action to put into effect the recommendations of any safety or loss control inspection or survey.

Section 11.2 The Fund shall defend in the name of and on behalf of a Member any claims, suits, or other proceedings which may at any time be brought or instituted against that Member on account of bodily injury or death by accident or disease under the Illinois Workers' Compensation Laws or on account of legal liability of the Member for damages because of bodily injury or death to any employee by accident or disease arising out of and in the course of employment for the Member, including claims, suits, or other proceedings alleging such injuries and demanding damages or compensation therefore, even though such suits, other proceedings, allegations, or demands are wholly groundless, false, or fraudulent, and to pay all costs taxed against the Member in any legal proceeding defended by the Fund, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

**ARTICLE XII**  
**Fiscal Year**

The fiscal year of the Illinois Public Risk Fund shall be consistent with the calendar year beginning on the first day of January and ending on the last day of December (the "Fund Year").

**ARTICLE XIII**  
**Notices**

Any notice required by these By-Laws, by statute, or by any rule or regulation of any governmental agency shall be sufficient if delivered personally, transmitted or received by electronic means, or given by depositing the same in a United States post office box or receptacle in a sealed, envelope, addressed to the person to be notified at his or her last address as the same appears in the records of the IPRF, and with first-class postage prepaid; and any reference in these By-Laws to any written notice or correspondence shall for all purposes hereunder be deemed to include electronic transmission. Any notice delivered personally shall be deemed to have been given on the date of delivery. Any notice transmitted electronically shall be deemed to have been given one (1) day after transmission, and any mailed notice shall be deemed to have

been given on the date of mailing, provided that should notice pursuant to Article VIII of these By-Laws be given by mail, mailing shall be sent by certified or registered mail.

**ARTICLE XIV**  
**Amendment of By-Laws**

Section 14.1 These By-Laws may be amended, altered, changed, added to, or repealed, and new By-Laws may be adopted, by an affirmative vote of at least two-thirds (2/3) of the Board of Trustees.

Section 14.2 From time to time as determined by the Board of Trustees, or upon request, each Member shall be furnished with a copy of these By-Laws and a copy of any change thereof that is made as provided in Section 14.1 of this Article.

**ARTICLE XV**  
**Indemnification of Officers, Trustees, Employees, and Agents: Insurance**

Section 15.1 The Fund may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Fund) by reason of the fact that he or she is or was a Trustee, officer, employee, or agent of the Fund, or who is or was serving at the request of the Fund as a Trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) costs, awards, judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Fund, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Fund, and, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful.

Section 15.2 The Fund may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Fund to procure a judgment in its favor by reason of the fact that such person is or was a Trustee, officer, employee, or agent of the Fund, or is or was serving at the request of the Fund as a Trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) and costs actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Fund, provided that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Fund, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Section 15.3 To the extent that a Trustee, officer, employee, or agent of the Fund has been successful, on the merits or otherwise, in the defense of any action, suit, or proceeding

referred to in Sections 15.1 and 15.2 hereof, or in defense of any claim, issue, or matter therein, then such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 15.4 Any indemnification under Sections 15.1 and 15.2 hereof (unless ordered by a court) shall be made by the Fund only as authorized in the specific case, upon a determination that indemnification of the Trustee, officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 15.1 and 15.2 hereof. Such determination shall be made (1) by the Board of Trustees by a majority vote of a quorum consisting of Trustees who were not parties to such action, suit or proceeding, or (2) if such quorum is not obtainable, or, even if obtainable, if a quorum of disinterested Trustees so directs, by independent legal counsel in a written opinion, or (3) by the Members entitled to vote, if any.

Section 15.5 Expenses incurred in defending or responding to a civil or criminal action, suit, proceeding, inquiry, or investigation may be paid by the Fund in advance of the final disposition of such action, suit, proceeding, inquiry, or investigation as authorized by the Board of Trustees in the specific case, upon receipt of an undertaking by or on behalf of the Trustee, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Fund as authorized in this Article.

Section 15.6 The indemnification provided by this Article shall be in accordance with and to the full extent permitted by the Illinois General Not For Profit Corporation Act of 1986, as in effect on the date of the adoption of these By-Laws, or as amended from time to time, and such indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any By-Law, agreement, vote of Members or disinterested Trustees, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Trustee, officer, employee, or agent, and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 15.7 The Fund may purchase and maintain insurance on behalf of any person who is or was a Trustee, officer, employee, or agent of the Fund, or who is or was serving at the request of the Fund as a Trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Fund would have the power to indemnify such person against such liability under the provisions of this Article.

Section 15.8 If the Fund has paid indemnity or has advanced expenses under this Article to a Trustee, officer, employee, or agent, then the Fund shall report the indemnification or advance in writing to the Members entitled to vote with or before the notice of the next meeting of the Members entitled to vote.

Section 15.9 For purposes of this Article, references to "the Fund" shall include, in addition to the surviving corporation, any merging corporation (including any corporation having merged with a merging corporation) absorbed in a merger which, if its separate existence had continued, would have had the power and authority to indemnify its Trustees, officers, and employees or agents, so that any person who was a Trustee, officer, employee or agent of such merging corporation, or was serving at the request of such merging corporation as a Trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article with respect to the

surviving corporation as such person would have with respect to such merging corporation if its separate existence had continued.

Section 15.10 For purposes of this Article, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and reference to "serving at the request of the Fund" shall include any service as a Trustee, officer, employee or agent of the Fund which imposes duties on, or involves services by such Trustee, officer, employee, or agent with respect to any employee benefit plan, its participants, or beneficiaries. A person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Fund" as referred to in this Article.

These By-Laws, as amended and restated, were approved by the Board of Trustees of the Illinois Public Risk Fund on August 16, 2017, and shall take effect as of that date.

*Thomas P. English*

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Thomas P. English,  
Chairman of and for the Illinois Public Risk  
Fund.

Dated: August 16, 2017