

**Intergovernmental Agreement to Establish
Government Insurance Network**

This Agreement to establish the Government Insurance Network Agreement (the “Agreement”) is made April ____, 2018 by and among the units of local government that are listed on Appendix A, attached hereto and expressly incorporated, herein, each of which may hereafter be referred to as “Member” and which, collectively, may be referred to hereinafter as “Members.” Appendix A lists the names and address of the Members that are parties as of the Effective Date and may be amended from time to time as new Members join or as Members withdraw. This Agreement supersedes any prior written or oral agreement. This agreement is effective upon the full approval and execution of this Agreement by the City of Elmhurst, Village of Frankfort, Village of Lemont, Village of New Lenox, Village of Romeoville, Village of Shorewood, and the Village of Westmont (“Effective Date”).

WITNESSETH

WHEREAS, the Illinois Constitution of 1970, Art, §10 and Intergovernmental Cooperation Act (5 ILCS § 220/1 et seq.) provide that units of local government may contract or otherwise associate among themselves to obtain or share services or to exercise, combine, or transfer any power or function in any manner not prohibited by law or ordinance. Units of local government may contract and otherwise associate with individuals, associations, and corporations in any matter not prohibited by law or ordinance; and,

WHEREAS, the Intergovernmental Cooperation Act specifically provides that an intergovernmental contract may, among other undertakings, authorize public agencies to jointly self-insure and authorize each public agency member of the contract to utilize its funds to pay to a joint insurance pool its costs and reserves to protect, wholly or partially, itself or any public agency member of the contract against liability or loss in the designated insurable area (5 ILCS 220/6); and,

WHEREAS, the Members have undertaken a series of studies to determine the feasibility of entering into an Intergovernmental Benefits Cooperative for the purpose of administering some or all of the personnel benefits programs offered by its Member units of local government to their respective officers and employees and have concluded that the creation of such a cooperative is financially and administratively feasible; and,

WHEREAS, the Members desire to establish a cooperative for funding and administering insurance benefit programs including, but not limited to, health, life, dental, and vision; and,

WHEREAS, the Members desire to create an intergovernmental joint insurance pool hereby designated as Governmental Insurance Network, hereinafter referred to as “GIN”; and,

WHEREAS, the Members, by this Agreement, are desirous of establishing their mutual rights and obligations with respect to their membership in GIN; and,

THEREFORE, in consideration of the foregoing recitals and of the mutual covenants, promises, and obligations contained hereinafter, the adequacy and sufficiency of which the parties hereby stipulate, the Members covenant, promise, and agree as follows:

ARTICLE I

ESTABLISH OF THE GOVERNMENT INSURANCE NETWORK

1.1 PREAMBLE- The recitals set forth in the foregoing preamble are specifically incorporated into and made a part of this Agreement, as though fully set forth in this Section 1.1

1.2 NAME- The Members hereby establish a benefit Network as authorized by the provisions of the Constitution of Illinois and the Illinois Intergovernmental Cooperation Act, which shall be known as the Government Insurance Network (the “Network” or “GIN”).

1.3 PURPOSE – The purpose of the Network is to create a joint insurance pool to administer and provide certain benefits including, but not limited to, health, life, , dental, and vision for the Members’ eligible employees, employees’ dependents, and retirees and the officers and employees of other governmental entities and the quasi-governmental, and non-profit public service entities with which some or all Members have separately arranged to list (“Listed Entities”), and the Board of Directors has approved, as if such officers and employees were employed by the Member pursuant to a group plan (“The Plan”). Each Member remains individually responsible for any and all benefit programs that are not a part of any Network Plan.

The Network is not intended to transact insurance business within the State of Illinois. The intent of the parties is to separately establish benefit programs and to utilize the Network to achieve reduced costs of administration and insurance purchases by providing similar services to

all Members and to require Members to pay for the costs of such benefits or to share such costs in the manner from time-to-time established by the Board of Directors.

1.4 FISCAL YEAR – The Fiscal Year shall be the one-year period commencing on July 1 and ending on June 30, unless otherwise modified by the Board of Directors.

ARTICLE II

AUTHORITY AND DUTIES OF BOARD

2.1 COMPOSITION OF BOARD – The Network shall be managed by a Board of Directors (the “Board”) pursuant to the terms of this Agreement and the attached Bylaws for the Board, as amended from time to time by the Board not otherwise inconsistent with this agreement (Exhibit “C”). The Board shall be comprised of one (1) representative of each Member chosen in the manner applicable to that governmental body and shall promptly notify the Network of such selection. The Member may also send an alternate representative to serve when the primary representative is unable to carry out his or her duties, or otherwise resigns from the Board. Board members and alternate representatives must be an employee of each Member. Each Member shall only have one (1) vote on the Board of Directors.

2.2 POWERS AND DUTIES OF NETWORK BOARD – The Board shall determine the general policy of GIN which shall be followed by the Member and the representative and/or alternate of the Member. No one serving on the Board of Directors of GIN shall receive any salary or other payment from GIN for providing such service thereto. The Board shall have the authority to take any action necessary to do the following:

- A. To enter into written contracts in order to procure the necessary services, supplies, insurance and/or property necessary to accomplish the purpose of the Plan.
- B. To establish Members’ monthly contributions for payments to the Plan, as described below, on an annual basis.
- C. To require Members to make additional supplementary payments to the Plan during the fiscal year, as may be required in extraordinary circumstance to avoid insolvency.
- D. To place all or part of the assets of the GIN Plan into funds necessary for the administration and operation of the Network and establish an investment policy.
- E. To study issues with Members and make recommendations.

- F. To recommend to its Members programs and educational materials relating to claim reductions.
- G. To direct the collection, accounting and distribution of funds to be used for the administration of the Plan and the providing of benefits hereunder.
- H. To cause to be purchased stop loss, and other types of insurance as authorized by the Board.
- I. To approve changes in its operating policies and procedures.
- J. To approve the fees for all authorized service providers.
- K. To procure fidelity bonds, fiduciary liability insurance, errors and omissions coverage, and any other insurance or coverage for Board members, officers, consultants, claims administrators, employees, representatives or other persons, as required by this Agreement or by law, or as deemed appropriate by the Board.
- L. To expel any Member from the participation in the Plan for failure to perform its obligations under this Agreement or as otherwise enumerated herein.
- M. To hire employees to perform any duties including but not limited to conducting day to day or ministerial functions, reviewing benefit claims and appeals, studying issues, recommendations or proposals and making recommendations to the Board.
- N. To retain brokers, consultants, employees, independent contractors, insurance consultants, a cooperative (group) administrator, attorneys, auditors, or other professionals as to accomplish the purposes of the Network. To appoint a claim administrator, who shall be responsible for the processing of benefit payment applications and for paying benefit claims under the direction and control of the Board, provided that the claim administrator shall be bonded to provide faithful performance of its duties and responsibilities and shall provide acceptable insurance coverage for errors and omissions.
- O. To provide to the Members an annual audit of the financial affairs of the Network to be made by a certified public accountant at the end of each fiscal year in accordance with generally accepted auditing principals and to otherwise file all necessary audits and actuarial opinions as required by the Illinois Department of Insurance and/or the Director of Insurance.

- P. To delegate any or all of its duties and obligations, not otherwise limited by law, to any entity(ies) or individual(s), as may be necessary to administer and accomplish the purpose of the Plan, including: an agent(s), broker(s), employee(s), independent contractor(s), claim administrator(s), attorney(s), accountant(s), consultant(s), investment manager(s), and such other persons as may be necessary to administer and accomplish the purpose of the Plan.
- Q. Within the budgetary limits established by the Members, to perform such other activities as are necessarily implied or required to carry out the purpose of the Plan or the specific activities enumerated herein.

2.3 MEETINGS OF THE BOARD AND DUTIES OF OFFICERS

Regular meetings of the Board shall be held as necessary to carry out the purpose and business of the Network. A minimum of four (4) meetings shall be scheduled each fiscal year. The dates of regular meetings of the Board shall be established at the beginning of each fiscal year. Meetings will follow a previously prepared agenda containing all business items requested by any Board Member and/or any Member for consideration. The agenda should be provided to each Member five (5) business days in advance of such meeting.

Officers shall be elected from among the Board members and shall include one President, one Vice President, one Secretary and one Treasurer. All checks authorized by the Board must be signed by any two of these four (4) Officers. The Officers shall be elected by a majority vote. Each Officer shall serve two (2) year terms until he or she is replaced by a subsequent election or until the effective date of his or her resignation. There shall be no term limits for elected Officers. Officers shall be elected at GIN's first organizational meeting, which shall take place within 30 days of the commencement of GIN, and thereafter at the last regular meeting of a fiscal year in which elections are to be held. Officers shall serve until their successors have been chosen and begin their terms. The Board may from time to time establish other offices and may elect a Board member to serve in any of the newly established offices. An Officer may resign his or her office by giving the President written notice of such resignation at least thirty (30) days in advance of the effective date of such resignation. In the event that an Officer resigns, dies, becomes disabled or is otherwise unable or unwilling to act, such Officer may be replaced by a majority vote.

The President shall preside at all meetings of the Board and shall have such other powers and duties as are set forth in the Bylaws or by other action of the Board of Directors. The Vice President shall carry out all duties of the President during the absence or inability of the President to perform such duties and shall carry out such other functions as are assigned from time to time by the President and/or the Board of Directors. The Treasurer shall have charge and custody and shall be responsible for all funds and securities of the Network; receive and give all receipts of monies due and payable to the Network from any source whatsoever; deposit all such monies in the name of Network in such banks, savings and loan associations or other depositories as shall be selected by the Board of Directors; invest the funds of the Network as are not immediately required in such investments as the Board of Directors shall specifically or generally select from time to time; and maintain the financial books and records of the Network; provided, however, that all investments of Network funds shall be made only in those securities which may be purchased pursuant to Illinois law. The Treasurer shall perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the President and/or the Board of Directors. Notwithstanding the duties and responsibilities of the Treasurer herein provided, the Board of Directors by vote may, except as otherwise limited by law, delegate, wholly or in part, the responsibility for, and the regular or routine administration of, one or more of the Treasurer's duties to one or more agents, other officers, or employees of the Network who are not Directors. To the extent that the Board does delegate the duties of the Treasurer, the Treasurer shall be released from such duties and responsibilities. The powers, duties, and compensation of any agents for the Treasurer shall be approved by the Board of Directors. The Secretary shall create and maintain a file of all minutes. The Secretary shall be designated as the custodian of the minutes. The Board of Directors by vote may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of the Secretary's duties to one or more agents, other officers, or employees of the Network who are not Directors.

Meetings of the Board may be called by its President or by any two Board members. Five (5) business days written notice, including electronic mail, of regular meetings of the Board shall be given to each Board member and an agenda specifying the subject(s) of any regular meeting shall accompany such notice. Emergency or Special Meetings may have shorter notice as otherwise provided by law. Unless otherwise agreed to by a Member and the Board, notice

shall be mailed to the Member's last known address, as listed in Appendix A. Business conducted at special meetings shall be limited to those items specified in the agenda. The time, date and location of regular meetings of the Board shall be determined by the Board.

A quorum shall consist of a majority of the Board. Once a quorum is established, a simple majority of those Board members in attendance shall be sufficient to pass upon all matters, unless otherwise specified herein or by the Bylaws of the Board of Directors. Each Member shall be entitled to one (1) vote on the Board of Directors. Proxy or absentee voting shall not be permitted. Board members may attend meetings in person or via telephone if a physical quorum is present at the meeting.

The Board may establish rules governing its own conduct and procedure, consistent with the Agreement and applicable laws and regulations. Minutes of all regular and special meetings of the Board shall be kept in writing and sent to all Members and other service providers as may be deemed appropriate by the Board.

ARTICLE III

PLAN ADMINISTRATION

3.1 ACCOUNTS- The Network, through its Board may establish and maintain accounts for payment of claims and of reserves as it deems appropriate from time to time (the "Plan Accounts"). The Plan Accounts shall be invested in such manner as is permitted by this Agreement and the Bylaws or investment policies of the Board. Earnings on Plan Accounts shall be used to provide benefits, defray administrative expenses, or reduce future Member contributions. No Member, employee or other person or entity shall acquire any right, title or interest in any Plan Accounts or other assets of the Plan except upon termination of the Plan as provided herein.

3.2 RESERVE ESCROW FUNDS As security for the financial obligations described herein, each of the original seven (7) Members shall, within thirty (30) days of the effective date of entry in GIN, place on deposit with GIN as reserves an amount of money equal to at least one and one-half (1 ½) times the Member's anticipated monthly participation. New Member reserve contributions will be determined by the Board pursuant to the Bylaws and policies of the Board.

Accrued interest shall be credited to each individual member on a pro rata basis determined by the amount on deposit with GIN by the Member as compared to the entire GIN reserve fund. In the event that a Member fails to timely pay funds due to GIN in any month (as set forth in the invoice), the Benefit Administrator of GIN shall notify the President of the Board of GIN and the representative of the Member in writing, that the funds shall be withdrawn from the escrow account unless payment is made within five (5) business days. The GIN Benefit Administrator shall have the authority together with the GIN Treasurer to withdraw from any account within the Escrow fund the amount due after prescribed notice is given. In the event that monies are withdrawn in the manner prescribed above, all Members will be notified of the withdrawal from the Escrow fund and the delinquent Member shall take prompt action to restore the escrow account to the original amount. At the beginning of each fiscal year, the Benefit Administrator shall recommend to the GIN Board of Directors any adjustments required in the Escrow Fund as a result of an increase or decrease in the anticipated monthly payment to GIN. At any time in the fiscal year, GIN may require a supplementary deposit to the escrow account, if necessary, to reduce an anticipated deficit to the escrow account. Upon withdrawal or expulsion from GIN, any amount due after satisfying all outstanding claims shall be returned to the former Member.

3.3 MEMBER CONTRIBUTIONS- Beginning with Fiscal Year 2018-2019 and prior to the start of each fiscal year thereafter, the Board will prepare a projection of the contributions to be charged to Members. The contributions shall be projected in such amount to fully pay the projected annual claims and expenses of the Plan as a whole and to fund the Plan Accounts and reserves during the fiscal year. Each separate Member of GIN shall be responsible for its share of the cost of the Plan Accounts.

Prior to the beginning of each fiscal year, the Board shall approve the annual or monthly amount to be charged to Members to fully fund the Plan Accounts. The amounts to be charged to each Member shall be in direct proportion to the number of enrolled employees and officers of the Member (and Listed Entities whose benefit programs are to be administered by the Network) as compared to the total number of such persons served by the Network, along with uniform methods to determine differences in benefit plans and claims history under formulas approved by the Board. The Plan Account funds shall be treated as a single fund which can be utilized for the

payment of the claims of any Member. 3.4 PLAN OF BENEFITS – Each Member agrees to accept the Plan of Benefits put in place at the direction of the Board of Directors of GIN.

3.4 CHANGES IN BENEFIT PLANS – The Board may, from time to time, elect to provide or administer new or additional benefit plans or to amend or modify the Plan. Before modifying benefits or implementing any new or additional benefit plan, the Board shall (1) calculate the amount of additional payments, if any, due the Plan Accounts with respect to such change, (2) advise the Members of the new terms, and (3) receive advice from the Members regarding their level of interest in the new terms. Thereafter, any Plan may be amended, modified, or terminated by the Board upon ninety (90) days prior notice to the Members.

If a Member should choose to end continuing participation with regard to officers and employees of the Member due to placement of employees on a union-sponsored program through collective bargaining, the Network must permit the withdrawal of those union employees, but it may re-price the costs and benefits to the Member's continuing employees or officers based upon the same underwriting criteria used by the Network in the normal course of business, but no member will be expelled from the Network if the continuing employees or officers meet the general criteria required of other members. Union employees withdrawn into a union-sponsored program may subsequently be returned to coverage, but only on an underwriting basis. The Network will not interfere with the statutory obligation of any public agency member to bargain over or to reach agreement with a labor organization over a mandatory subject of collective bargaining as those terms are used in the Illinois Public Labor Relations Act. The Network will not discriminate against public agency members or otherwise retaliate against such members for limiting their participation in the Network as a result of a collective bargaining agreement.

3.5 ADDITIONAL INSURANCE – When purchased, the Board shall cause stop loss insurance coverage to be purchased from an "A" or higher rated company by A.M. Best or such other rating agency deemed appropriate by the Board and approved by the Illinois Department of Insurance. The characteristics and extent of coverage of the stop loss or other insurance shall be established by the Board. Participation in the Plan shall not preclude any Member from purchasing any insurance coverage above those amounts purchased by the Board as a part of the Plan.

3.6 MEMBERSHIP – The membership of GIN shall consist of those members which are parties to this Agreement plus any other governmental entity admitted to membership as a Member from time to time, less any Member which withdraws or is expelled from GIN in accordance with the provisions of this Agreement. With prior approval of the Board of Directors, Members of GIN may also add Listed Entities which they have separately arranged to list as if such officers and employees of the Member. The Member who lists other entities to its membership shall be the sole Member of GIN and shall be responsible for all costs and duties of membership provided herein. Listed Entities will have no voting rights or Membership rights in GIN. The member may make such arrangement as is desired with the Listed Entities regarding the manner of payment, sharing of risks, and duration of such arrangement. Such arrangement is not a part of this Agreement.

The addition of new municipal or other governmental Members and its listed entities, as well as new Listed Entities added by any current Member, shall take place only after at least the concurrence of the vote of two thirds (2/3) of the entire membership of the Board of Directors of GIN and subject to the following provisions.

At the time of admission, each Member and new Member shall be required to have all of its employees and employee groups (police, public works, fire, clerical, administration, etc.) become Members of and participate in GIN programs (subject to the right of individuals to opt out of the coverage in accordance with the terms of the Plan); provided, however, if there is a collective bargaining agreement covering any such employee group which provides for employee benefits and would exclude participation of such employees in the benefits of GIN, then any such employee group need not be included at the time of initial admission of such Member or new Member.

(a) A formal application for consideration must be submitted by the applicant no later than one hundred twenty (120) days prior to the new fiscal year. The applicant must provide any and all information requested by the Board. The applicant may also be required to pay any and all costs or fees incurred or assessed by the Board in relation to the review, approval and enrollment of the applicant and its employees.

(b) The Board shall obtain such recommendations from consultants and other professionals as it deems necessary to determine whether it may accept the applicant as a

Member, provided that the Board shall give the applicant notice of its determination to the applicant within 60 days of application of its determination.

(c) If the Board approves the application submitted by the applicant, the applicant's corporate authorities, through its duly authorized representative, must formally agree to be bound by these terms and conditions by executing an Adoption Agreement in the form attached as Appendix B hereto.

(d) As a condition of new membership, the Member must pay into the Plan Accounts an amount required to meet its funding of the reserve account on such terms as determined by the Board in its discretion. The amount of reserves will be based on reasonable actuarial or insurance underwriting evidence.

3.7 DISPUTES REGARDING CLAIMS – Disputes regarding Plan benefits shall be brought before the Board's claims administrator, in accordance with the rules for such disputes as established by the claims administrator.

ARTICLE IV
RIGHTS AND OBLIGATIONS OF MEMBERS

The obligations of each Member are as follows:

(a) To promptly pay all contributions, supplementary payments, payments to escrow funds, and other payments at such times and in such amounts as are established by the Board pursuant to this Agreement.

(b) In the event timely payments are not made and the Board must initiate collection actions against such Member to recover such funds as are owed, plus attorneys' fees and any other expenses in the amounts or percentages as authorized hereunder.

(c) To appoint a representative to the Board of Directors and cooperate with the Board, other Members, and any agent, employee, officer or independent contractor of the Board in any matter relating to the Plan or the purposes and powers of the Board.

(d) To provide a prompt monthly listing of any newly enrolled or terminated employees.

(e) To provide the Board with any information and records deemed appropriate by the Board in order to carry out the purposes of the Plan and to furnish full cooperation with GIN attorneys, claims adjusters, the Benefit Administrator, and any agent, employee, officer, or independent contractor of GIN relating to the purpose and powers of GIN.

(f) To act promptly and within a reasonable period of time on all matters requiring approval by Members and to not withhold such approval unreasonably or arbitrarily.

ARTICLE V

ADDITIONAL TERMS

5.1 STANDARD OF CARE - The Board shall administer the Plan and carry out its obligations under this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims and objectives. The Board may delegate these duties to such consultants, brokers or other employees, service providers or professionals as it sees fit.

5.2 HOLD HARMLESS PROVISION - No Board member shall be liable for any action taken or omitted by any other Board member. Board members, Officers and employees of the Board shall be indemnified and held harmless by the Network for claims by third parties arising out of the good faith discharge of their duties in the administration of the Plan. Such indemnification shall include, but not be limited to, court costs and reasonable attorneys' fees. Plan assets may be used to defend and hold harmless any Board members, Officers and employees of the Board hereunder. The Board may utilize plan assets to purchase insurance providing fiduciary liability coverage and/or errors and omissions coverage for itself as an entity and for its Officers and employees in connection with the administration and operation of the Plan.

ARTICLE VI
TERM AND TERMINATION

6.1 WITHDRAWAL OF MEMBERSHIP

(a) Members shall have the right to withdraw from membership if proper notice of withdrawal is given in the manner provided in this Article. Members may not choose to withdraw or end continuing participation in GIN for groups of officers and employees of the Member (police, public works, fire, clerical, administration, etc.) unless is solely due to placement of employees on a union-sponsored program through collective bargaining.

(b) A Member who intends to voluntarily withdraw must notify the Board through its President of its intent to withdraw from the Plan at least one hundred twenty (120) days prior to withdrawal. Such notice shall be in writing and accompanied by a resolution or ordinance from the Corporate Authorities of the Member electing to withdraw from the Network. Notice of termination will be non-retractable. The Member will remain subject to all of the provisions of this Agreement until the Member withdraws or as otherwise specified herein.

(c) If a Member withdraws from the Network, no benefit claims of the Member shall be processed or paid by GIN after withdrawal of the Member, unless the withdrawing Member shall, in order to receive such services, provide funds to pay said claims, or there are already adequate reserve funds applicable to the withdrawing Member available to pay said claims.

(d) A final accounting of the withdrawing Members' fair share of its reserve funds shall occur during the audit process for the last fiscal year that the withdrawing Member was a Member of GIN. Any remaining funds shall be refunded to the withdrawing Member, unless the withdrawing Member is in default, in which case it will be retained by GIN to cover costs of default.

(e) All withdrawing Members shall remain fully obligated for their portion of all expenses of and claims against the Network incurred during the period of their membership.

6.2 EXPULSION OF MEMBERS – By at least the concurrence of the vote of two-thirds (2/3) of the entire remaining membership of the Board, The Board may terminate the right of any Member to participate in the Plan whenever the Member fails to perform any of its

obligations under this Agreement, provided that the Member shall first be given a reasonable opportunity of not less than fifteen (15) nor more than sixty (60) days to cure the alleged failure. The Member, within the provided cure period, may request a hearing before the Board before any decision is made as to whether the expulsion shall take place. The Board shall set the date for a hearing which shall not be less than fifteen (15) days after the expiration of the time to cure has passed. The Board of Directors may appoint a hearing officer to conduct such hearing and make a recommendation to the Board based upon findings of fact. If the Board conducts the hearing itself, it may make a decision at the close of the hearing. A decision by the Board of Directors to expel a Member after notice and hearing and a failure to cure the alleged defect shall be final.

The rights and obligations of an expelled Member are as follows:

(a) An expelled Member may not apply for membership or re-join the Network for two (2) years after being expelled or after voluntary termination unless the Board determines in its sole discretion that there is good and sufficient cause for re-admission.

(b) The expelled Member shall continue to be fully liable for any contributions or supplementary payments due prior to the effective date of such expulsion or voluntary termination and/or any other unfulfilled obligation as if it was still a Member.

(c) Except as provided below, the Board shall have no obligation with respect to claims incurred under the Plan(s) of the expelled Member after the effective date of such expulsion or voluntary termination.

(d) The obligation of the Board to administer claims incurred under the Plan of an expelled Member prior to the effective date of expulsion shall continue for claims that are filed within 90 days after such effective date, provided Member has otherwise provided the funds to pay said claims. Expelled Members will be required to continue to make contributions and supplemental payments during such 90-day period.

(e) Any claim submitted by an employee or dependent of the expelled Member incurred after the effective date of termination shall become the sole responsibility of the expelled Member.

(f) Notwithstanding the above, if the Board is required by law to administer and process claims on behalf of a Participating Member, pursuant to the federal health care continuation provisions of the Public Health Service Act (COBRA) and/or the Illinois Continuation Law, the Board will make such coverage available.

(g) The Network will not discriminate against public agency members or otherwise retaliate against such members for limiting their participation in the Network as a result of a collective bargaining agreement and such will not be the basis for expelling a Member.

6.3 TERMINATION OF THE NETWORK - The Network shall terminate at the determination of the Board, in its sole discretion. The Network shall also terminate upon the enactment of State or Federal law and/or a final determination by a court of competent jurisdiction, after all appeals have been exhausted or time for appeal has expired, that the Network is invalid, constitutes the transaction of the business of insurance under the Illinois Insurance Code or is contrary to law.

In the event that the Network is terminated, the Board shall:

- (a) Set an effective date for termination that is at least ninety (90) days in the future.
- (b) Provide notice of termination to all Members at least ninety (90) days in advance of the effective date thereof.
- (c) Collect all participating Member contributions, supplementary payments, income and assets of the Network.
- (d) Cause to be paid all claims incurred prior to the effective date of termination provided that such claims are submitted for payment within one year of the date on which they are incurred provided that all contributions and supplemental payments have been made by the Member. If assets are not sufficient to pay all such claims, claim payments may be reduced and paid pro rata until all assets are exhausted. The Board may also purchase insurance coverage to pay any or all of such claims.
- (e) Pay all administrative expenses and other liabilities of the Board in connection with the Network.

(f) If the assets of the Network are not sufficient to satisfy the Network's liabilities, the Board may charge each current Member and each former participating Member who was a participating Member at any time during the twelve (12) month period prior to the effective date of termination a supplementary payment or payments in an amount that is equal to the amount of such shortfall multiplied by a fraction, the numerator of which is the amount of contributions and supplementary payments required of the former participating Member or the Member during the twelve (12) months prior to the effective date of termination and the denominator of which is the amount of contributions and supplementary payments required of the all former participating Members and Members during the twelve (12) months prior to the effective date of termination. The Board shall not be obligated to make claim payments unless and until the shortfall is paid as provided herein.

(g) In the event that Network assets exceed Network liabilities, the Board shall pay each Member who was a participating Member on the effective date of termination, an amount that is equal to the amount of such surplus multiplied by a fraction, the numerator of which is the amount of contributions and supplementary payments paid by the Member during the twelve (12) months prior to the effective date of termination and the denominator of which is the amount of contributions and supplementary payments paid by all Members during the twelve (12) months prior to termination. Such determination shall be made as of twenty-four (24) months after the effective date of termination and any payments required hereby will be made within thirty (30) days thereof.

(h) No one other than a Member who was a participating Member on the effective date of termination shall have any claim on the assets of the Network or any right, title or interest in any payment made pursuant to paragraph (g) hereof: Upon the later of the payment required by paragraph (g) or twenty-four (24) months after the effective date of termination. the Network and Plan Accounts shall be dissolved and the Board and the Network shall have no further obligations whatsoever with respect thereto.

(i) Prior to dissolution, the Board shall make adequate provision for the maintenance of the records of the Network which shall be retained for ten (10) years after the effective date of termination.

6.4 TERM OF COOPERATIVE – The Governmental Insurance Network shall operate beginning with fiscal year July 1, 2018 and shall continue in existence with a term ending on June 30, 2030. At the end of this multi-year period, the term of GIN may be extended for a multi-year period of time, or if not acted upon by the Members, it shall continue in existence from year-to-year as an intergovernmental agreement with the membership of those governmental bodies which do not provide a notice of withdrawal.

ARTICLE VII
MISCELLANEOUS

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

(a) If to the Board, at the business address of the then current Board President or as otherwise specified in writing by the Board to the Members.

(b) If to a Member, to the address set forth in the Adoption Agreement of such Member or to such other address as the Member may specify in writing to the Board.

7.2 SEVERABILITY - In the event any provision within 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 the Board, the Plan, or to any Member, the lawfulness, constitutionality or validity of the remainder of this Agreement shall not be deemed affected thereby.

7.3 EXCLUSIVE PURPOSE - The funds and assets retained by the Board pursuant to this Agreement shall be the sole property of the Board to be used for the exclusive purpose of carrying out the purposes of the Plan. Neither individual Members nor their employees or dependents shall have any vested right, interest, or title with respect to the funds or assets held by the Board, including, but not limited to, amounts held in the Plan Accounts, interest, dividends, refunds, rebates, reserves, life insurance refunds, except as otherwise specifically provided herein.

7.4 BINDING EFFECT - The obligations and responsibilities of the Members set forth in this Agreement, including the obligation to take no action inconsistent herewith as originally written or validly amended, shall remain a continuing obligation and responsibility of each Member. This Agreement may be enforced in law or equity either by the Board itself or by a Member. The consideration for the duties imposed upon the Members by this Agreement is based upon the mutual promises and agreements of the Members to each other set forth herein and the advantages gained by the Members through the sharing of risk and the potential for reduced administrative costs for the processing of employee benefits. This Agreement and any amendments thereto may be executed in any number of counterparts which taken together constitute a single instrument.

7.5 LIMITATION OF OBLIGATIONS - The obligation of the Board to pay claims is limited to the assets of the Plan. Neither the Board nor any Board member, Officer or employee thereof is responsible for claim payments or payment of any sum or other obligations under the Plan.

7.6 TAXES AND LEGAL STATUS - The Network and any Plan of benefits provided thereby are intended to be a “governmental plan” that is exempt from the requirements of the Employee Retirement Income Security Act. The Network and any benefits or Plan of benefits are also intended to be exempt from federal, state and local taxes. Any and all actions or provisions of the Network or the Plan(s) shall be interpreted to garner such status. The Board is hereby empowered and authorized to take any and all action to ensure that such status will be accorded to the Network and the Plan(s).

7.7 AMENDMENT - This Agreement may be amended, modified, or terminated, upon at least the concurrence of the vote of two-thirds (2/3) of the corporate authorities of all participating Members. The corporate authorities of each Member specifically agree to be bound by any such action.

7.8 ADOPTION - As a condition of participation and continued participation, the Agreement and the Adoption Agreement attached hereto must be duly adopted by the corporate authorities of each Member by May 11, 2018. This Agreement shall initially become effective once it is adopted by all seven (7) Members listed in Appendix “A”. The Secretary of the Board shall certify the same.

APPENDIX A

MEMBERS

City of Elmhurst
209 N. York Street
Elmhurst, IL 60126

Village of Frankfort
452 W. Nebraska Street
Frankfort, IL 60423

Village of Lemont
418 Main Street
Lemont, IL 60439

Village of New Lenox
1 Veterans Parkway
New Lenox, IL 60451

Village of Romeoville
1050 West Romeo Road
Romeoville, IL 60446

Village of Shorewood (including the Will County Governmental League as a Listed Entity)
One Towne Center Blvd
Shorewood, IL 60404

Village of Westmont
31 W. Quincy St
Westmont, IL 60559

APPENDIX B

ADOPTION AGREEMENT

WHEREAS, the Illinois unit of local government named below (the "Member") has reviewed the Governmental Insurance Network Agreement ("Agreement"); and

WHEREAS, the Member desires and intends to become or continue as a Member in the Governmental Insurance Network pursuant to the Agreement; and

WHEREAS, the Board of the Governmental Insurance Network has determined to accept the above-named entity as a Member in the Governmental Insurance Network.

NOW THEREFORE, it is hereby agreed that the Member shall be and is accepted as a Member in the Governmental Insurance Network for the term provided in the Agreement in consideration of which the Member shall at all times comply with and be bound by the attached Agreement, as the same may be modified from time to time.

_____ ("Member") GOVERNMENT INSURANCE NETWORK

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

APPENDIX C

**BYLAWS
OF THE
GOVERNMENT INSURANCE NETWORK (GIN)**

Table of Contents

Article I. Name3
Article II. Purpose – Limitation of Participation3
Article III. Authority3
Article IV. Directors and Officers3
Article V. Powers and Duties of the Board of Directors5
Article VI. Meetings of the Board7
Article VII. Liability of GIN, Its Officers and Directors7
Article VIII. Programs of Insurance and/or Self-Insurance8
Article IX. Fiscal Year - Budget8
Article X. Finances 9
Article XI. Term and Termination9
Article XII. Notices9
Article XIII. Amendments10

Article I. Name

The organization shall be known as the Governmental Insurance Network (GIN).

Article II. Purpose-Limitation of Participation

The purpose of the Network is to create a joint insurance pool to administer and provide certain benefits including, but not limited to, health, life, , dental, and vision for the Members' eligible employees, employees' dependents, and retirees and the officers and employees of other governmental entities and the quasi-governmental, and non-profit public service entities with which some or all Members have separately arranged to list ("Listed Entities"), and the Board of Directors has approved, as if such officers and employees were employed by the Member pursuant to a group plan ("The Plan"). Each Member remains individually responsible for any and all benefit programs that are not a part of any Network Plan.

The Network is not intended to transact insurance business within the State of Illinois. The intent of the parties is to separately establish benefit programs and to utilize the Network to achieve reduced costs of administration and insurance purchases by providing similar services to all Members and to require Members to pay for the costs of such benefits or to share such costs in the manner from time-to-time established by the Board of Directors.

Article III. Authority

GIN is established pursuant to the Illinois Constitution, Article VII, Sec 10 and the Intergovernmental Cooperation Act 5 ILCS 220/1 et seq. and in particular, Sec 220/6.

Article IV. Directors and Officers

- A. There is here by established a Board of Directors of GIN (BOD). The Board of Directors of GIN shall consist of one delegate of each Member who is an employee of the Member (BOD Members). Each representative may send a designee in his or her absence who shall also be an employee of the Member. Each of the representatives from the Members of GIN are eligible to run for election for the position of BOD officers.
- B. If a Board vacancy occurs, the respective unit of local government seat will be filled by an employee of that Member.
- C. The Board of Directors of GIN shall appoint from among their number a President, Vice President, Secretary, and Treasurer. The Board of Directors may also appoint additional Officers and assign duties to them.

The President shall preside at all meetings of the Board and shall have such other powers and duties as are set forth in the Bylaws or by other action of the Board of Directors. **The Vice President** shall carry out all duties of the President during the absence or inability of the President to perform such duties and shall carry out such other functions as are assigned from time to time by the President and/or the Board of Directors. **The Treasurer** shall have charge and custody and shall be responsible for all funds and securities of the Network; receive and give all receipts of monies due and payable to the Network from any source whatsoever; deposit all such monies in the name of Network in such banks, savings and loan associations or other depositories as shall be selected by the Board of Directors; invest the funds of the Network as are not immediately required in such investments as the Board of Directors shall specifically or generally select from time to time; and maintain the financial books and records of the Network; provided, however, that all investments of Network funds shall be made only in those securities which may be purchased pursuant to Illinois law. The Treasurer shall perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the President and/or the Board of Directors. Notwithstanding the duties and responsibilities of the Treasurer herein provided, the Board of Directors by vote may, except as otherwise limited by law, delegate, wholly or in part, the responsibility for, and the regular or routine administration of, one or more of the Treasurer's duties to one or more agents, other officers, or employees of the Network who are not Directors. To the extent that the Board does delegate the duties of the Treasurer, the Treasurer shall be released from such duties and responsibilities. The powers, duties, and compensation of any agents for the Treasurer shall be approved by the Board of Directors. **The Secretary** shall create and maintain a file of all minutes. The Secretary shall be designated as the custodian of the minutes. The Board of Directors by vote may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of the Secretary's duties to one or more agents, other officers, or employees of the Network who are not Directors.

- D. GIN shall purchase a bond in sufficient amount as determined by the Board of Directors to assure the fidelity of the President, Vice President, Treasurer, and any other Officer, employee, or entity that contract with GIN who shall have the right to authorize the transfer or payment of GIN funds. The Board of Directors, by motion, may increase or decrease the amount or such bonds or change the persons covered.
- E. A quorum shall consist of a majority of the Board of Directors unless otherwise noted in these Bylaws. A simple majority or a quorum shall be sufficient to pass upon all matters unless otherwise provided by the GIN Agreement or these Bylaws.

F. A greater vote than a majority of a quorum shall be required to approve the following GIN's matters:

1. The Board of Directors may establish one or more rules requiring approval by a vote greater than a majority of a quorum; provided, however, that such rules may only be established by a greater than a majority vote at least equal to the greater than majority percentage stated within the proposed rule;
2. The admission of a new Member shall require at least the concurrence of the vote of two-thirds (2/3) of the Board of Directors (IGA).
3. The determination and approval of the benefit levels, benefit plans, and the recommended insurance provider(s), as well as the proposed term(s) of the plan(s) shall requires at least the concurrence of the vote of two-thirds (2/3) of the Board of Directors.
4. After notice as otherwise provided herein, any amendment or these Bylaw s shall require at least the concurrence of the vote of two thirds (2/3) of the Board of Directors; provided, however, no amendment shall have the effect of depriving a member of a vested contractual right without the consent of the Member.
5. Expulsion of a Member shall require at least the concurrence of the vote of two-thirds (2/3) by the remaining Board of Directors (IGA).
6. Termination of GIN shall require a two-thirds (2/3) vote for approval by the entire Board of Directors. (IGA)

G. No one serving on the Board of Directors shall receive any salary from GIN.

Article V. Powers and Duties of the Board of Directors

The Board shall determine the general policy of GIN which shall be followed by the Member and the representative and/or alternate of the Member. No one serving on the Board of Directors of GIN shall receive any salary or other payment from GIN for providing such service thereto. The Board shall have the authority to take any action necessary to do the following:

- A. To enter into written contracts in order to procure the necessary services, supplies, insurance and/or property necessary to accomplish the purpose of the Plan.
- B. To establish Members' monthly contributions for payments to the Plan, as described below, on an annual basis.

- C. To require Members to make additional supplementary payments to the Plan during the fiscal year, as may be required in extraordinary circumstance to avoid insolvency.
- D. To place all or part of the assets of the GIN Plan into funds necessary for the administration and operation of the Network and establish an investment policy.
- E. To study issues with Members and make recommendations.
- F. To recommend to its Members programs and educational materials relating to claim reductions.
- G. To direct the collection, accounting and distribution of funds to be used for the administration of the Plan and the providing of benefits hereunder.
- H. To cause to be purchased stop loss, and other types of insurance as authorized by the Board.
- I. To approve changes in its operating policies and procedures.
- J. To approve the fees for all authorized service providers.
- K. To procure fidelity bonds, fiduciary liability insurance, errors and omissions coverage, and any other insurance or coverage for Board members, officers, consultants, claims administrators, employees, representatives or other persons, as required by this Agreement or by law, or as deemed appropriate by the Board.
- L. To expel any Member from the participation in the Plan for failure to perform its obligations under this Agreement or as otherwise enumerated herein.
- M. To hire employees to perform any duties including but not limited to conducting day to day or ministerial functions, reviewing benefit claims and appeals, studying issues, recommendations or proposals and making recommendations to the Board.
- N. To retain brokers, consultants, employees, independent contractors, insurance consultants, a cooperative (group) administrator, attorneys, auditors, or other professionals as to accomplish the purposes of the Network. To appoint a claim administrator, who shall be responsible for the processing of benefit payment applications and for paying benefit claims under the direction and control of the Board, provided that the claim administrator shall be bonded to provide faithful performance of its duties and responsibilities and shall provide acceptable insurance coverage for errors and omissions.
- O. To provide to the Members an annual audit of the financial affairs of the Network to be made by a certified public accountant at the end of each fiscal year in accordance with generally accepted auditing principals and to otherwise file all necessary audits and actuarial opinions as required by the Illinois Department of Insurance and/or the Director of Insurance.
- P. To delegate any or all of its duties and obligations, not otherwise limited by law, to any entity(ies) or individual(s), as may be necessary to administer and accomplish the purpose of the Plan, including: an agent(s), broker(s), employee(s), independent contractor(s), claim administrator(s), attorney(s), accountant(s), consultant(s), investment

manager(s), and such other persons as may be necessary to administer and accomplish the purpose of the Plan.

- Q. Within the budgetary limits established by the Members, to perform such other activities as are necessarily implied or required to carry out the purpose of the Plan or the specific activities enumerated herein.

Article VI. Meetings of the Board

Regular meetings of the Board shall be held as necessary to carry out the purpose and business of the Network. A minimum of four (4) meetings shall be scheduled each fiscal year. The dates of regular meetings of the Board shall be established at the beginning of each fiscal year. Meetings will follow a previously prepared agenda containing all business items requested by any Board Member and/or any Member for consideration. The agenda should be provided to each Member five (5) business days in advance of such meeting.

Officers shall be elected from among the Board members and shall include one President, one Vice President, one Secretary and one Treasurer. All checks authorized by the Board must be signed by any two of these four (4) Officers. The Officers shall be elected by a majority vote. Each Officer shall serve two (2) year terms until he or she is replaced by a subsequent election or until the effective date of his or her resignation. There shall be no term limits for elected Officers. Officers shall be elected at GIN's first organizational meeting, which shall take place within 30 days of the commencement of GIN, and thereafter at the last regular meeting of a fiscal year in which elections are to be held. Officers shall serve until their successors have been chosen and begin their terms. The Board may from time to time establish other offices and may elect a Board member to serve in any of the newly established offices. An Officer may resign his or her office by giving the President written notice of such resignation at least thirty (30) days in advance of the effective date of such resignation. In the event that an Officer resigns, dies, becomes disabled or is otherwise unable or unwilling to act, such Officer may be replaced by a majority vote.

Proceedings of all meetings shall be governed by Robert's Rules of Order.

Article VII. Liability by GIN, Its Officers and Directors

No BOD member shall be liable for any action taken or omitted by any other BOD member. BOD members, Officers and employees of the Board, shall be indemnified and held harmless by GIN for claims by third parties arising out of the good faith discharge of their duties in the administration of the Plan or the Trust. Such indemnification shall include, but not be limited to, court costs and reasonable attorneys' fees. Plan assets may be used to defend and hold harmless any BOD members, Officers and employees of the Board hereunder. The Board may utilize plan assets to purchase insurance providing fiduciary liability coverage and/or errors and

omissions coverage for itself as an entity and for its Officials and employees in connection with the administration and operation of the Plan and Trust.

If any claim or action not covered by insurance is instituted against a BOD, Officer or employee of GIN allegedly arising out of an act or omission occurring within the scope of his or her duties, GIN shall at the request of them:

- A. Appear and defend against the claim or action; and
- B. Pay or indemnify the BOD member, Officer or employee for a judgment and court costs based on such claim or action, provided there shall be no indemnification for any portion of a judgment representing an award of punitive or exemplary damages; and
- C. Pay or indemnify the BOD member Officer or employee for a compromise or settlement of such claim or action providing the settlement is approved by the Board of Directors of GIN.

The term BOD member. Officer or employee shall include former BOD members, Officers and employees. This indemnification resolution shall not apply if the Board of Directors finds that the claim or action is based on malicious, willful or criminal misconduct. In such case the action to be taken by the Board of Directors will be determined after an investigation of the facts.

Article VIII. Programs of Insurance and/or Self-Insurance

GIN may purchase insurance policies from insurance companies having a Certificate of Authority issued by the Department of Insurance of the State of Illinois.

Article IX. Fiscal Year – Budget

- A. The fiscal year of GIN shall commence on July 1 and end on June 30.
- B. During the last quarter of each fiscal year, the Board of Directors of GIN shall approve a preliminary budget for the administration of each Benefit for the next fiscal year. The preliminary budget shall set forth the method by which payments of Members are to be determined for the following GIN fiscal year. The Board of Directors shall annually approve a final budget.
- C. Failure of the Board of Directors to approve a preliminary or final budget within these time limits shall not relieve the Members or the obligation to make annual or supplementary payment to GIN as hereinafter provided.

- D. Funds shall be audited annually after June 30, by a firm of Certified Public Accountants.

Article X. **Finances**

- A. New Member Reserve Contributions: As a condition of new Membership, the new Member must pay into the Plan Accounts two (2) months of participation as funding for the reserve account.

- B. Surplus: At the end of each fiscal year, the Board will determine how any surplus in Plan Account funds will be utilized in the best interests of GIN. Where the Board has elected to return any surplus Plan Account funds to the Members, it will be allocated to each Member as a percentage of total premium paid in by the Member for that fiscal year compared to the total premiums paid by all Members for that fiscal year. In lieu of receiving a refund of surplus Plan Account funds, each Member may elect to place the refund of the surplus funds in the GIN reserve fund.

- C. Early Withdrawal from Plan: Any Member voluntarily withdrawing from GIN at any date prior to the end of the fiscal year shall immediately pay into the Plan Accounts, as reserves, an equivalent of two (2) months of participation.

Article XI. **Term and Termination**

These Bylaws will follow the guidelines for Term and Termination as outlined in the GIN Agreement.

Article XII. **Notices**

All notices of claims or any other notice required to be given pursuant to these By- Laws shall be sent by registered or certified mail, postage prepaid, return receipt requested and addressed as follows:

Assurance c/o GIN
111 N. Canal St., Suite 550
Chicago, IL 60606

City of Elmhurst
209 N. York Street
Elmhurst, IL 60126

Village of Frankfort
452 W. Nebraska Street
Frankfort, IL 60423

Village of Lemont
418 Main Street
Lemont, IL 60439

Village of New Lenox
1 Veterans Parkway
New Lenox, IL 60451

Village of Romeoville
1050 West Romeo Road
Romeoville, IL 60446

Village of Shorewood (including the Will County Governmental League as a Listed Entity)
One Towne Center Blvd
Shorewood, IL 60404

Village of Westmont
31 W. Quincy St
Westmont, IL 60559

ARTICLE XIII. Amendments

These Bylaws may be amended at any regular meeting of the Board of Directors by providing the amendment was stated in the call for the meeting and voted on at a subsequent regularly scheduled board meeting.