

VILLAGE OF ORLAND PARK

RETIREE HEALTH INSURANCE TRUST AGREEMENT

THIS TRUST AGREEMENT is made and entered into effective as of _____, 201__, by and between the VILLAGE OF ORLAND PARK, Cook and Will Counties, Illinois (hereinafter called the "Village"), and the BOARD OF TRUSTEES OF THE VILLAGE OF ORLAND PARK RETIREE HEALTH INSURANCE TRUST AGREEMENT (hereinafter referred to collectively as the "Trustees").

WITNESSETH:

WHEREAS, the Village has heretofore adopted the Village of Orland Park Comprehensive Medical Plan, amended effective as of January 1, 2018, and as may be subsequently amended, an insured medical plan the purpose of which is to provide medical benefits for those retired employees of the Village and their eligible dependents covered by the said Comprehensive Medical Plan who are in need of medical care and who meet the service and other requirements described in the said Village of Orland Park Comprehensive Medical Plan; and

WHEREAS, the Village has heretofore adopted the Village of Orland Park Comprehensive Dental Plan, amended effective as of January , 2018 and as may be subsequently amended, an insured dental plan the purpose of which is to provide dental benefits for those retired employees of the Village and their eligible dependents covered by the said Village of Orland Park Comprehensive Dental Plan who are in need of dental care and who meet the service and other requirements described in the said Village of Orland Park Comprehensive Dental Plan; and

WHEREAS, the Village has heretofore adopted the Village of Orland Park Comprehensive Vision Plan, amended effective as of January 1, 2018 and as may be subsequently amended, an insured vision plan the purpose of which is to provide vision benefits for those retired employees of the Village and their eligible dependents covered by the said Village of Orland Park Comprehensive Vision Plan who are in need of vision care and who meet the service and other requirements described in the said Village of Orland Park Comprehensive Vision Plan; and

WHEREAS, the Village annually determines the required amounts of employee contributions and other matters relating to the Village of Orland Park Comprehensive Medical, Dental and Vision Plans (hereinafter referred to collectively as the "Plan"); and

WHEREAS, the Village's Human Resources Generalist (hereinafter called the "Plan Administrator") has been appointed to administer the Plan and the claims thereunder; and

WHEREAS, the contributions of the Village and of Plan participants which will be contributed to the Trustees, as and when received by the Trustees, will constitute a trust fund (hereinafter called the "Trust Fund") to be held for the benefit of those retired employees and their eligible dependents under and in accordance with the Plan; and

WHEREAS, the Village desires the Trustees to hold and administer the Trust Fund, and the Trustees are willing to hold and administer such Trust Fund, pursuant to the terms of this Trust Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the Village and the Trustees do hereby covenant and agree as follows:

ARTICLE I - BOARD OF TRUSTEES

1.1 Board Created. A Board of five (5) members shall constitute the Board of Trustees. The Trustees shall administer the Village of Orland Park Retiree Health Insurance Trust Agreement.

Three (3) individuals shall be ex officio members of the Board of Trustees, namely, the Village's Director of Finance/Village Treasurer, the Village's Director of Human Resources and the Village's Assistant Director of Finance.

The fourth and fifth members of the Board of Trustees shall be appointed by the Village President with the advice and consent of the Village's Board of Trustees exclusively from those retired employees of the Village who are actively participating in the Village's Retiree Health Insurance Plan.

The appointment of the fourth and fifth members of the Board of Trustees shall take place on or before the third Monday in January.

One of the members of the Board of Trustees appointed in 201__ shall serve for a term of two (2) years, and the other appointed member shall serve for a term of four (4) years; and their successors shall serve for a term of four (4) years or until their successors are appointed and confirmed.

In the event that no retired employee of the Village who is actively participating in the Village's Retiree Health Insurance Plan is willing to serve on the Board of Trustees, then the Village President, with the advice and consent of the Village Board of Trustees, shall appoint one individual to the Board of Trustees in lieu of any retiree who would otherwise be appointed.

Upon the death, resignation, removal, vacancy or inability to act of any appointed member of the Board of Trustees, his or her successor shall be appointed for the unexpired term in the same manner of appointment as provided for above.

Each Trustee shall be entitled to vote on any and all actions before the Board of Trustees. No decision or action shall be taken by the Board of Trustees without authorization thereof by the vote of a majority of a quorum of the Board of Trustees. No decision or action of the Board of Trustees shall become effective unless presented and so approved at a regular or duly called special meeting of the Board of Trustees.

For all purposes of this Trust Agreement, the presence of four (4) of the members of the Board of Trustees then holding office shall constitute a quorum to do business, provided, however, in the absence of a quorum a smaller number may adjourn from time to time.

Notwithstanding anything to the contrary, the Village is empowered to remove any Trustee from time to time as the Village deems necessary for the proper administration of the Retiree Health Insurance Trust Fund Agreement as set forth in Section 7.2 below.

1.2 Board Meetings and Officers. On an annual basis, the Board of Trustees shall hold regular quarterly meetings not later than sixty five (65) days after the end of each calendar quarter, and special meetings as called by the President of said Board. At least five (5) days' notice of each meeting shall be given to each Trustee. All meetings of the Board of Trustees shall be open to the public and shall be held in the offices of the Board of Trustees or in any other place specifically designated in the notice of any meeting.

At its first quarterly meeting each year, the Board of Trustees shall elect from its members a President, Vice President, Secretary and Assistant Secretary to serve for one (1) year

and until their respective successors are elected and qualified. The President and the Secretary shall be selected from the ex officio members of the Board of Trustees.

The Vice President shall perform the duties of the President during any vacancy in that office, or during the President's absence, or if the President by reason of illness or other causes is unable to perform the duties of office.

The Assistant Secretary shall act for the Secretary whenever necessary to discharge the functions of such office.

1.3 Electronic Attendance at Board Meetings. Any member of the Board of Trustees may attend any quarterly or special meeting via electronic means (such as by telephone, video or internet connection) provided that such electronic attendance complies with all applicable laws and also with the Village's policy for electronic attendance at such Village Board of Trustees meetings, as amended from time to time.

ARTICLE II - CONTRIBUTIONS

2.1 Receipt of Contributions. The Trustees shall receive any contributions paid to the Trustees in cash or in the form of such other property as they may from time to time deem acceptable and which shall have been delivered to them. All contributions so received, together with the income therefrom and any other increment thereon shall be held, invested, reinvested and administered by the Trustees pursuant to the terms of this Trust Agreement. The Trustees shall not be responsible for the calculation or collection of any contribution under the Plan, but shall be responsible only for property received by them pursuant to this Trust Agreement.

2.2 Compliance with Laws. The Plan, this Trust Agreement and the Trust Fund thereunder are intended to meet all applicable requirements of the Internal Revenue Code of 1986 and the Illinois Municipal Code, as the same may be amended from time to time.

2.3 Dedication of Assets to Public Purpose. The assets of the Plan, including but not limited to the trust assets and trust income of the Trust Fund, are assets of the Village of Orland Park that are dedicated exclusively to the public and municipal purpose and function of providing medical benefits for retired employees of the Village of Orland Park and their eligible dependents under and in accordance with the terms and conditions of the Plan. As such, the assets of the Plan, including but not limited to the trust assets and trust income of the Trust Fund, are legally protected from the claims of creditors of the Village and also from the claims of creditors of the Plan Administrator.

ARTICLE III PAYMENTS FROM TRUST FUND

3.1 Payments Directed by Plan Administrator. The Trustees shall from time to time, and at the direction of the Plan Administrator, make payments out of the Trust Fund to the Plan Administrator or Village Retirees in such amounts and for such purposes as may be specified in the directions of the Plan Administrator. To the extent permitted by law, the Trustees shall be under no liability for any payment made pursuant to the direction of the Plan Administrator. Any direction of the Plan Administrator shall constitute a certification that the distribution or payment so directed is one which the Plan Administrator is authorized to direct.

3.2 Impossibility of Diversion. It shall be impossible by operation of the Plan or this Trust; by termination, revocation or amendment of either the Plan or the Trust; by the happening of any contingency; by collateral arrangement or by any other means; for any part of the trust assets or trust income, or for any funds contributed to the Trust Agreement, to be used for or diverted to purposes other than the exclusive benefit of the retired employees and their dependents covered under the Plan, except that payment of taxes and administration expenses may be made from the Trust Fund as provided for herein.

ARTICLE IV - INVESTMENTS

4.1 General. The Trustees shall invest and reinvest the principal and income of the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, in such securities as defined in the Village of Orland Park OPEB Trust Fund Statement of Investment Policies and Objectives, irrespective of whether such securities or such property shall be of the character authorized by Illinois law from time to time for trust investments; provided however, that investments shall be so diversified as to minimize the risk of large losses unless under the circumstances in the sole judgment of the Trustees it is clearly prudent not to do so.

4.2 Establishment of Funding Policy. The Village's Director of Finance/Village Treasurer (hereinafter referred to as the "Finance Director/Treasurer") shall establish and carry out a funding policy consistent with the purposes of the Plan and the requirements of applicable law, as may be appropriate from time to time. As part of such funding policy, the Finance Director/Treasurer shall from time to time request the Trustees to exercise their investment discretion so as to provide sufficient cash assets in an amount determined by the Plan Administrator under the funding policy then in effect, as necessary to meet the liquidity requirements for the administration of the Plan.

4.3 Trustees' Adherence to Funding Policy. The discretion of the Trustees in investing and reinvesting the principal and income of the Trust Fund shall be subject to the funding policy, and any changes thereof as the Finance Director/Treasurer may adopt from time to time and communicate to the Trustees in writing. It shall be the duty of the Trustees to act strictly in accordance with such funding policy and any changes therein as so communicated to the Trustees from time to time in writing.

ARTICLE V - POWERS OF TRUSTEES

5.1 Powers. The Trustees, in addition to all powers and authorities under common law, statutory authority, and other provisions of this Trust Agreement, shall have the following powers and authorities, to be exercised in the Trustees' sole discretion. Each of these powers and authorities requires the approval of not less than two (2) Trustee.

- a. To purchase, or subscribe for, any securities or other property and to retain the same in trust;
- b. To sell, exchange, convey, transfer, grant options to purchase, or otherwise dispose of any securities or other property held by the Trustees, by private contract or at public auction, and any sale may be made for cash or upon credit, or partly for cash and partly upon credit. No person dealing with the Trustees shall be bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any such sale or other disposition.
- c. To vote upon any stocks, bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights, or other options, and to make any payments incidental thereto; to oppose, or to consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, and to delegate discretionary powers, and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stock, bonds, securities, or other property held as part of the Trust Fund;

- d. To cause any securities or other property held as part of the Trust Fund to be registered in the Trustees' own names or in the name of one or more of the Trustees' nominees, and to hold any investments in bearer form, but the books and records of the Trustees shall at all times show that all such investments are part of the Trust Fund;
- e. To keep such portion of the Trust Fund in cash or cash balances as the Trustees may from time to time deem to be in the best interest of the Trust created hereby, without liability for interest thereon;
- f. To accept and retain for such time as the Trustees may deem advisable any securities or other property received or acquired by the Trustees hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;
- g. To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- h. To settle, compromise, or submit to arbitration any claims, debts or damages to or owing to or from the Trust Fund; to commence or defend suits or legal or administrative proceedings, and to represent the Trust Fund in all suits and legal and administrative proceedings;
- i. To employ suitable agents and counsel, including, but not limited to, investment consultants and investment managers, and to pay their reasonable expenses and compensation, and such agents or counsel may or may not be agents or counsel for the Village;

- j. To monitor the performance of trust assets, and to instruct investment managers and investment management consultants and to make changes as appropriate.
- k. To do all such acts, take all such proceedings, and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustees may deem necessary to administer the Trust Fund and to carry out the purpose of this Trust Agreement and of the Plan.

5.2 More Than One Trustee. So long as there shall be more than one Trustee, they shall act by a majority of a quorum of their number but may authorize any one or more of them to sign papers and instruments on their behalf.

5.3 Compensation and Expenses. The Trustees and the Officers shall serve without compensation, but shall be reimbursed for any reasonable expenses incurred in attending meetings of the Board of Trustees and in performing their duties on behalf of the Trust, including but not limited to reasonable counsel and accounting fees, properly and actually incurred by the Trustees in the administration of the Trust Fund. Such expenses shall be paid from the Trust Fund. All taxes of any kind and all kinds whatsoever that may be levied or assessed under existing or future laws upon or in respect of the Trust Fund, or the income thereof, shall be paid by the Trustees from the Trust Fund.

5.4 Allocation and Delegation of Fiduciary Duties. The Trustees may allocate duties among themselves and designate others as fiduciaries to carry out specific fiduciary activities under this Trust Agreement, other than the management of the assets of the Trust Fund. Each investment consultant and investment manager appointed by the Trustees must acknowledge in writing that he or she is a fiduciary with respect to the Village of Orland Park

Retiree Health Insurance Trust Agreement because he or she has power to manage, acquire or dispose of assets of the Trust Fund. The investment consultant and investment manager must be a person, firm or corporation registered as an investment adviser under the federal Investment Advisers Act of 1940 or a bank or insurance company qualified to perform such services in the State of Illinois.

5.5 No Powers or Duties with respect to the Plan. It is the responsibility of the Village and the Plan Administrator to administer the Village's Plan which provides retiree health insurance benefits. Consequently, the Trustees have no power or authority to administer the Plan, to interpret or construe the terms of the Plan, to change benefit levels, establish required contribution amounts, adjudicate claims or determine any questions arising in connection with the administration, interpretation or application of the Plan. Any such determination shall be made solely and exclusively by the Village and/or the Plan Administrator, and any such determination by the Village and/or the Plan Administrator shall be conclusive and binding upon the Trustees.

ARTICLE VI - TRUSTEES' DUTIES

6.1 General. The Trustees shall, consistent with the funding policy and method as determined by the Village's Director of Finance/Village Treasurer, invest, manage and control the Trust Fund and, at the direction of the Plan Administrator, shall pay benefits required under the Plan to participants entitled thereto or, as appropriate, to their beneficiaries. The Trustees shall discharge their duties under this Trust Agreement solely in the interests of the retired employees covered under the Plan and their dependents and for the exclusive purpose of providing benefits to such persons and defraying reasonable expenses of administering the Trust Agreement, with the care, skill, prudence and diligence under the circumstances then prevailing

that a prudent man acting 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 by diversifying the investments of the Trust Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, all in accordance with the provisions of this Trust Agreement, as this Trust Agreement may be from time to time amended; but the duties and obligations of the Trustees as such shall be limited to those expressly imposed upon the Trustees by this Trust Agreement notwithstanding any reference herein to the Plan, or the provisions thereof, it being hereby expressly agreed that the Trustees are not a party to the Plan.

6.2 Consultation and Indemnification. The Trustees may consult with counsel and the Trustees shall not be deemed imprudent by reason of their taking or refraining from taking any action in accordance with the opinion of counsel. The Village agrees, to the extent permitted by law, to indemnify and hold the Trustees harmless from and against any liability that the Trustees may incur in the administration of the Trust Fund, unless arising from the Trustees' own willful breach of the provisions of this Trust Agreement. The Trustees shall not be required to give any bond or any other security for the faithful performance of their duties under this Trust Agreement, except such as may be required by a law which prohibits the waiver thereof.

6.3 Accounts and Records. The Trustees shall keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions hereunder and all such accounts and other records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the Finance Director/Treasurer, by the Plan Administrator or by the Village. The Trustees shall furnish to a designated representative of the Village a written statement of account within 180 days after the end of the Plan's December 31st year end, setting forth all receipts and disbursements, additions, deductions, assets, liabilities and net assets of the

Trust Fund in accordance with Statement Nos. 43, 74 and 75 of the Governmental Accounting Standards Board, as such Statement Nos. 43, 74 and 75 may be amended from time to time. The Village's designated representative shall acknowledge receipt thereof in writing and advise the Trustees of his/her approval or disapproval thereof. Failure by the Village's designated representative to disapprove any such statement of account within thirty (30) days after receipt thereof shall be deemed approval thereof. The approval or deemed approval by the Village's designated representative of the statement of account shall serve to release and discharge the Trustees from any liability or accountability to the Village with respect to the propriety of the Trustees' acts or transactions shown in the Trustees' statement of account, except with respect to any acts or transactions as to which the Village's designated representative shall file written objections with the Trustees within the thirty (30) day time period prescribed above.

6.4 Limitation on Trustees' Liability. The Plan Administrator shall administer the Plan as provided therein, and the Trustees shall not be responsible in any respect for administering the Plan nor shall the Trustees be responsible for the adequacy of the Village's contributions to the Trust Fund to meet or discharge any payments or liabilities under the Plan. The Trustees shall be entitled conclusively to rely upon any notice, instruction, direction or other communication of the Plan Administrator.

ARTICLE VII - RESIGNATION, REMOVAL AND SUCCESSION OF TRUSTEE

7.1 Resignation. A Trustee may resign his or her position as Trustee (without resigning his or her employment with the Village) at any time by giving ninety (90) days' notice in writing to the Village and the other Trustee(s).

7.2 Removal. The President of the Village, with the approval of the Village Board of Trustees, may remove a Trustee at any time in a manner generally similar to that provided in Section 3.1-35-10 of the Illinois Municipal Code (65 ILCS 5/ 3.1-35-10).

7.3 Successor Trustees. Upon the resignation or removal of an ex officio Trustee, the President, with the advice and consent of the Village Board of Trustees, shall appoint a successor Trustee who shall have the same powers and duties as those conferred upon the resigning or removed Trustee hereunder. Upon acceptance of such appointment by the successor Trustee, the resigning or removed Trustee shall assign, transfer and pay over to such successor Trustee the funds and properties then constituting the Trust Fund. The Trustees are authorized to pay or reserve for payment any expenses of the resigned or removed Trustee upon appropriate proof thereof.

7.4 Report by Trustees. Within sixty (60) days after the resignation or removal of a Trustee, the remaining Trustees may furnish to a designated representative of the Village a written statement of account with respect to the portion of the year for which the removed or resigned Trustee served. The Village's designated representative forthwith upon his/her receipt of such statement of account, shall acknowledge receipt thereof in writing and advise the remaining Trustees of his/her approval or disapproval thereof. Failure by the Village's designated representative to disapprove any such statement of account within thirty (30) days after his/her receipt thereof shall be deemed approval thereof. The approval or deemed approval of the statement of account by the Village's designated representative shall serve to release and discharge the remaining Trustees from any liability or accountability to the Village with respect to the propriety of the Trustees' acts or transactions shown in the statement of account, except

with respect to any acts or transactions as to which the Village's designated representative shall file written objections with the Trustees within the thirty (30) day time period prescribed.

7.5 Waiver of Notice. In the event of any resignation or removal of a Trustee, the remaining Trustees and the Village may in writing waive any notice of resignation or removal as may be provided hereunder.

ARTICLE VIII - AMENDMENT AND TERMINATION OF TRUST AGREEMENT

8.1 Amendment. Any or all of the provisions of this Trust Agreement may be amended at any time and from time to time, in whole or in part, by an instrument in writing. However, no such amendment shall authorize or permit any part of the Trust Fund (other than such part as is required to pay taxes and administration expenses) to be used for or diverted to purposes other than for the exclusive benefit of the retired employees and their dependents; no such amendment shall cause or permit any portion of the Trust Fund to revert to or become the property of the Village prior to complete satisfaction of all liabilities of the Plan with respect to benefits to retired employees and their eligible dependents; and no such amendment which affects the rights or duties of the Trustees may be made without the Trustees' written consent.

8.2 Termination. This Trust Agreement may be terminated by the Village at any time, and upon such termination, or upon the dissolution or liquidation of the Trust Agreement by the Village, the assets of the Trust Fund shall be applied and distributed as follows:

- (1) First, all liabilities and obligations of the Trust Fund for medical, dental and vision benefits under the Plan for eligible retired employees of the Village and their eligible dependents covered by the Plan shall be paid, satisfied and discharged, or adequate provision shall be made therefor;

- (2) Second, all taxes, administrative expenses and other obligations of the Trust Fund shall be paid, satisfied and discharged, or adequate provision shall be made therefor; and
- (3) Any remaining assets of the Trust Fund shall be distributed to the Village for municipal purposes.

ARTICLE IX - GENERAL

9.1 Source of Funds. The Trust Fund shall constitute the primary source of funds which may be used to pay the medical, dental and vision benefits awarded under the Plan, and the Village shall not be liable in any way or in any manner for the payment of any such medical, dental and vision benefits to the extent that monies are available from the Trust Fund.

9.2 Limited Effect of Plan and Trust Agreement. Neither the establishment of the Plan nor this Trust Agreement nor any modification thereof, nor the creation of any fund or account, nor the payment of any medical, dental and vision benefits, shall be construed as giving to any person covered under the Plan or other person any legal or equitable right against the assets or income of the Trust Fund, the Trustees, the Village, or any officer or employee thereof, except as may otherwise be specifically provided in the Plan or in this Trust Agreement. Under no circumstances shall the terms of employment of any employee be modified or in any way affected by the Plan or this Trust Agreement.

9.3 Protective Clause. Neither the Village, the Plan Administrator, nor the Trustees shall be responsible for the validity of any contract of insurance issued in connection with the Plan or this Trust Agreement or for the failure on the part of the insurer to make payments provided by such contract, or for the action of any person which may delay payment or render an insurance contract null and void or unenforceable in whole or in part.

9.4 Construction of Trust Agreement. This Trust Agreement shall be construed and enforced according to the laws of Illinois and all provisions hereof shall be administered according to the laws of such State. If any provisions of this Trust Agreement shall be held illegal or invalid for any reason, such determination shall not affect the remaining provisions of the Trust Agreement.

9.5 Gender and Number. Whenever any words are used herein in the masculine, feminine or neuter, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

9.6 Headings. The headings and subheadings of this Trust Agreement have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

IN WITNESS WHEREOF, this Trust Agreement has been executed on the day and year first above written.

VILLAGE OF ORLAND PARK

By _____
Village President

ATTEST:

Village Clerk

BOARD OF TRUSTEES:

