

**SEVENTH AMENDMENT TO THE FIFTH CONSOLIDATED
AMENDMENT TO THE CONTRACT AND BY-LAWS
INTERGOVERNMENTAL PERSONNEL BENEFIT COOPERATIVE**

ARTICLE I. Purpose, Definitions, Term.

PURPOSE:

The Intergovernmental Personnel Benefit Cooperative is a cooperative entity voluntarily established by contracting units of local government as are permitted by Article VII, Section 10 of the 1970 Constitution of the State of Illinois, and the Intergovernmental Cooperation Act and other provisions of law to jointly administer some or all of the personnel benefit programs offered by its MEMBERS to their officers and employees and the officers and employees of other governmental, quasi-governmental and non-profit public service entities with which some or all MEMBERS have separately arranged to list as if such officers and employees were employed by the MEMBER.

To the extent provided for in this Contract and By-Laws, and as approved by the BOARD OF DIRECTORS, or as authorized herein, the EXECUTIVE BOARD, the Intergovernmental Personnel Benefit Cooperative shall provide benefit coverage to the officers or employees of its MEMBERS. The Intergovernmental Personnel Benefit Cooperative shall also carry out such claim reduction and educational programs as shall be authorized by its BOARD OF DIRECTORS, or as authorized herein, the EXECUTIVE BOARD. The creation of the various funds established in this Contract and By-Laws are not intended by the parties to constitute the transaction of an insurance business within the State of Illinois. The intent of the parties is to separately establish benefit programs and to utilize the Intergovernmental Personnel Benefit Cooperative 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 or, as authorized herein, the EXECUTIVE BOARD.

DEFINITIONS

As used in this agreement, the following terms shall have the meaning hereinafter set out:

ADMINISTRATIVE FUND - A fund of monies established by the MEMBERS of the Intergovernmental Personnel Benefit Cooperative to pay for the joint administration of the personnel non-salary benefit programs offered by each MEMBER to its employees and officers and turned over for administration to the COOPERATIVE.

ALL MEMBER MEETINGS - Meetings of the BOARD OF DIRECTORS shall be held during March and November of each year, at such date and time as designated by the EXECUTIVE COMMITTEE. At the ALL MEMBER MEETING of the BOARD OF DIRECTORS held in March of odd-numbered calendar years (e.g., 2027, 2029), the MEMBERSHIP shall elect the Officers of the COOPERATIVE who shall also serve on the EXECUTIVE BOARD and the EXECUTIVE COMMITTEE as provided herein. At the ALL MEMBER MEETING of the BOARD OF DIRECTORS held in March of odd-numbered years, the BOARD OF DIRECTORS shall also divide into their respective VOTING TIERS and each VOTING TIER shall elect 1 Member of the EXECUTIVE BOARD. At the ALL MEMBER MEETING of the BOARD OF DIRECTORS held in March of even-numbered calendar years (e.g., 2026,

2028), the BOARD OF DIRECTORS shall elect 6 at large MEMBERS of the EXECUTIVE BOARD, At any of the ALL MEMBER MEETINGS, the BOARD OF DIRECTORS shall also vote on any items of business that are the exclusive jurisdiction of the BOARD OF DIRECTORS (i.e., all Vendors serving the COOPERATIVE; the Annual Renewal in the administration of the Benefit Fund; and all proposed changes to the By-Laws), and any items of business that failed to secure the 10 affirmative votes of the EXECUTIVE BOARD when considered by the EXECUTIVE BOARD. The EXECUTIVE BOARD shall also add any other item of business to the agenda of the ALL MEMBER MEETING of the BOARD OF DIRECTORS when at least 10% of the MEMBERS petition for such item of business to be added to the agenda.

BENEFIT FUND - A fund of monies established by the MEMBERS of the Intergovernmental Personnel Benefit Cooperative to fund certain benefits granted by the individual MEMBERS to their respective officers and employees and to purchase excess, aggregate, or other insurance.

BENEFITS - Non-salary payments made to employees or officers of MEMBERS, including but not limited to payments or reimbursements of expenses arising out of an illness or an accident and life insurance proceeds. The units of local government which participate in the COOPERATIVE have determined not to purchase insurance coverage for benefit payments below certain high limits but rather to rely upon their pooled financial capabilities to pay benefits within the financial obligations of the COOPERATIVE and to purchase some insurance to protect against catastrophic and certain other benefit claims.

BOARD OF DIRECTORS - The BOARD OF DIRECTORS is composed of all MEMBERS of the COOPERATIVE. The BOARD OF DIRECTORS shall approve all Vendors serving the COOPERATIVE; the Annual Renewal in the administration of the Benefit Fund; and all proposed changes to the By-Laws. The BOARD OF DIRECTORS shall also vote on any item of business which failed to secure the 10 affirmative votes of the EXECUTIVE BOARD when considered by the EXECUTIVE BOARD.

COOPERATIVE - The Intergovernmental Personnel Benefit Cooperative established pursuant to the Constitution and the statutes of this State by this intergovernmental agreement.

EXECUTIVE BOARD – The EXECUTIVE BOARD is composed of 15 Members elected at the ALL MEMBER MEETING of the BOARD OF DIRECTORS held in March of each year as follows:

- In odd-numbered years (e.g., 2027, 2029, etc.): the Chair, the Vice-Chair, and Treasurer, each of which is elected at large by the entire Membership, and 1 Member of the EXECUTIVE BOARD from each of the six respective VOTING TIERS as elected by and from among the Members in each of the six respective VOTING TIERS of the COOPERATIVE.
- In even-numbered years (e.g., 2028, 2030): 6 Members elected at large.

EXECUTIVE COMMITTEE – The EXECUTIVE COMMITTEE is composed of the Chair, Vice-Chair, and Treasurer of the EXECUTIVE BOARD. Its powers are defined herein and includes primary supervision of the EXECUTIVE DIRECTOR and the appointment of the MEMBERS to specific committees.

EXECUTIVE DIRECTOR – A part or full-time employee or independent contractor, who shall be selected and have his or her compensation set by the EXECUTIVE BOARD upon recommendation of the EXECUTIVE COMMITTEE and who shall administer and supervise the operations of the COOPERATIVE; make recommendations to the EXECUTIVE BOARD and the EXECUTIVE COMMITTEE in all areas where each has decision-making authority; and attend all meetings of the BOARD OF DIRECTORS, EXECUTIVE BOARD, and the EXECUTIVE COMMITTEE; and such other duties as assigned by the EXECUTIVE BOARD or the EXECUTIVE COMMITTEE.

HMO FUND - A fund of monies established by the MEMBERS of the Intergovernmental Personnel Benefit Cooperative to fund certain benefits granted by the individual MEMBERS to their respective officers and employees relating to health maintenance organizations.

LISTED ENTITIES – Governmental bodies, quasi-governmental bodies and non-profit public service entities listed by a MEMBER as having their employees and officers under a benefit program which will be administered along with that of a MEMBER by the COOPERATIVE.

MEMBERS – The units of local government or intergovernmental agencies established pursuant to an intergovernmental agreement composed of units of local government (sub-pool) which initially or later enter into this intergovernmental contract for the benefit of their employees and officers along with the employees and officers of other listed entities. Whenever in this agreement the phrase “units of local government,” “municipality” or similar phrase is used, it shall also refer to any intergovernmental agency

established pursuant to an intergovernmental agreement composed of units of local government.

VOTING TIERS – The COOPERATIVE shall place MEMBERS into one of six separate voting tiers according to the size of lives served (not dependents) in effect in the records of the COOPERATIVE shown as of January 1st of each year. The Six Voting Tiers are:

1-50 lives;

51-100 lives;

101-200 lives;

201-300 lives;

301 -400 lives;

401+ lives.

TERMINAL RESERVE FUND OR TERMINAL RESERVES – A fund of monies retained by the Intergovernmental Personnel Benefit Cooperative on behalf of MEMBERS whose fund balances may be in excess of all financial requirements for that MEMBER.

WELLNESS FUND – A fund of monies established by the MEMBERS of the Intergovernmental Personnel Benefit Cooperative to fund certain benefits granted by the individual MEMBERS to their respective officers and employees and to pay for health screenings and vaccines and to incentivize member participation.

TERM OF THE COOPERATIVE.

The Intergovernmental Personnel Benefit Cooperative shall operate with fiscal

years beginning on July 1st of each calendar year, and the COOPERATIVE shall continue in existence with a term ending on June 30, 2038. Except as provided herein, all previously adopted policies of the COOPERATIVE remain in full force and effect. At the end of this multi-year period, the term of the COOPERATIVE 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. The ability of an individual MEMBER of the COOPERATIVE to withdraw shall be as provided in Article XVII.

ARTICLE II. Powers and Duties.

The powers of the COOPERATIVE to perform and accomplish the purposes set forth above, within the budgetary limits and procedures set forth in these By-Laws, shall be the following:

- (a) To employ agents, employees, and independent contractors,
- (b) To lease real property and to purchase or lease equipment, machinery, or personal property necessary for the carrying out of the purpose of the COOPERATIVE,
- (c) To carry out educational and other programs relating to health, accident, and other claims reductions,
- (d) To cause the creation of, see to the collection of funds necessary for the administration and operation of the COOPERATIVE,

- (e) To purchase such types of insurance as are approved by the EXECUTIVE BOARD,
- (f) Solely within the budgetary limits established by the MEMBERS to carry out such other activities as are necessarily implied or required to carry out the purposes of the COOPERATIVE specified in Article I or the specific powers enumerated in Article II, and in conjunction with the obligation of MEMBERS specified in Article XI.

ARTICLE III. Membership and Participation

The membership of the COOPERATIVE shall consist of those MEMBERS and previously approved listed entities which were either MEMBERS of the COOPERATIVE on July 1, 2024, or members of a “Sub-Pool” on July 1, 2024, and are now hereby approved as MEMBERS in their own capacity, and also those subsequently admitted to membership and continuing as MEMBERS as provided herein. Listed entities are other governmental, quasi-governmental and non-profit public service entities which MEMBERS have chosen to include within their membership in the COOPERATIVE. Such listing fulfills a public purpose in that such listed entities have so few employees and officers that they could not bear the risk inherent in offering such benefit programs on their own. In other cases, the MEMBER itself has so few employees that it requires the participation of such other listed entities for the same reason. The MEMBER which lists entities shall, however, be the sole MEMBER of the COOPERATIVE and shall be responsible for all costs and duties of membership provided herein. The MEMBER may make such arrangement as is desired with

members of a sub-pool or the listed entities regarding the manner of payment, sharing of risks and duration of such arrangement. Such arrangement is not a part of this Contract and By-Laws. New MEMBERS and their listed entities and the listing of additional entities by existing MEMBERS shall be added to the COOPERATIVE only after at least the concurrence of at least 10 affirmative votes of the members of the EXECUTIVE BOARD and subject to the payment of such sums and under such conditions as the EXECUTIVE BOARD shall in each case or from time-to-time establish.

The BOARD OF DIRECTORS is composed of all MEMBERS of the COOPERATIVE. The BOARD OF DIRECTORS shall approve: all Vendors serving the COOPERATIVE; the Annual Renewal in the administration of the Benefit Fund; and all proposed changes to the By-Laws. The BOARD OF DIRECTORS shall also vote on any item of business which failed to secure the 10 affirmative votes of the EXECUTIVE BOARD when considered by the EXECUTIVE BOARD.

Each MEMBER unit of local government shall choose in the manner applicable to that governmental body one (1) person to represent that body at the ALL MEMBER MEETINGS of the BOARD OF DIRECTORS and shall promptly notify the COOPERATIVE of such selection. The MEMBER may also select an alternate representative to serve when the initial representative is unable to carry out their duties. The person and alternate selected need not be an elected official of the MEMBER. Each MEMBER shall be entitled to one (1) vote at the ALL MEMBER MEETINGS of the BOARD OF DIRECTORS. Such vote may be cast only by the designated representative of the MEMBER or in their absence by designated alternate. No proxy votes or absentee votes shall be permitted. MEMBERS

may participate in any meeting by electronic means in accordance with rules adopted herein and the requirements of law. The representative selected by the MEMBER shall serve for a one fiscal year term commencing at the beginning of each fiscal year and until a successor has been selected. The representative chosen by the MEMBER may be removed by the MEMBER during the period of their term. In the event that a vacancy occurs in the representative or alternate representative, that MEMBER shall appoint a successor. The failure of a MEMBER to select a representative or his or her failure to participate shall not affect the responsibilities or duties of a MEMBER under this contract.

ARTICLE IV. Executive Board

(A) There is hereby established an EXECUTIVE BOARD of the COOPERATIVE.

The EXECUTIVE BOARD is composed of 15 MEMBERS that are elected at the ALL MEMBER MEETING of the BOARD OF DIRECTORS held in March of year as follows:

- In odd-numbered years (e.g., 2027, 2029, etc.): the Chair, the Vice-Chair, and Treasurer, each of which is elected at large by the entire Membership, and 1 Member of the EXECUTIVE BOARD from each of the six VOTING TIERS as elected by and from among the Members in each of the six respective VOTING TIERS of the COOPERATIVE.
- In even-numbered years (e.g., 2026, 2028) 6 Members elected at large.

The EXECUTIVE BOARD may from time-to-time establish other officers of the Board, in addition to those established in this Agreement, and choose the manner of selection of such officers.

(B) The EXECUTIVE BOARD shall determine the general policy of the COOPERATIVE which policy shall be followed by all officers, agents, employees, and independent contractors working for the COOPERATIVE. It shall have the responsibility for: (1) Hiring the EXECUTIVE DIRECTOR, (2) Setting the budget for the COOPERATIVE to be administered by the EXECUTIVE DIRECTOR, (3) Program approval, (4) Setting of fidelity bonding requirements for employees or other persons, (5) The acceptance of new MEMBERS and listed entities, (6) Approval of educational and other programs relating to claim reduction, (7) Approval of monthly and supplementary payments to the Administrative Fund and the Benefit Fund, including that portion of the cost of insurance attributable to each MEMBER, (8) Any other matters not assigned to another committee, officer, independent contractor, or agent, (9) Expulsion of MEMBERS, (10) approval of personnel policies for the employees of the COOPERATIVE. Approval of every item of business by the EXECUTIVE BOARD shall require no less than 10 affirmative votes from the MEMBERS of the EXECUTIVE BOARD. Items of Business failing to receive said 10 affirmative votes shall be added to the agenda of the next ALL MEMBER MEETING of the BOARD OF DIRECTORS.

(C) Voting shall be by roll call.

(D) The EXECUTIVE BOARD, the EXECUTIVE COMMITTEE, and any authorized committees, may establish rules governing their own conduct and procedure

consistent with the By-Laws. All notices required in this Contract and By-Laws document shall be in writing.

(E) A quorum of the EXECUTIVE BOARD shall consist of ten (10) MEMBERS of the EXECUTIVE BOARD and must include at least one MEMBER from each VOTING TIER. For purposes of establishing a quorum, the requirement to have a MEMBER from each voting tier may be met by EXECUTIVE BOARD MEMBERS that were elected at large.

(F) The term for each MEMBER of the EXECUTIVE BOARD shall be for two years and shall commence on July 1 of the year in which they MEMBER is elected.

1) As a special exception to the staggered selection of MEMBERS of the EXECUTIVE BOARD and to the term limits otherwise applicable to Officers and MEMBERS of the EXECUTIVE BOARD, the BOARD OF DIRECTORS shall at -- a Special ALL MEMBER MEETING of the BOARD OF DIRECTORS to be called in fall of 2024 for the purpose of electing the new Officers and MEMBERS of the EXECUTIVE BOARD—elect the following Officers and MEMBERS to the following terms:

- The Chair, the Vice-Chair, and Treasurer, each of which shall be elected at large by the entire Membership, and 1 Member of the EXECUTIVE BOARD from each of the six VOTING TIERS as elected by and from among the Members in each of the six respective VOTING TIERS of the COOPERATIVE, to a term extending through June 30, 2027; and
- 6 Members elected at large to a term extending through June 30, 2026.

2) Except as specified for the Officers as set forth below, there shall be no limit on the number of consecutive terms for a MEMBER of the EXECUTIVE BOARD.

3) Except as provided herein, no one serving on the EXECUTIVE BOARD shall receive any salary or other payment from the COOPERATIVE and any salary, compensation, payment, or expenses for such representative, shall be paid by each MEMBER separate from this Contract. In addition, the Chair Treasurer and such other officers as may be selected from time-to-time may submit to the EXECUTIVE COMMITTEE for its approval, reimbursement of expenses incurred in the pursuit of their position as officers of the COOPERATIVE. The reimbursement for such expenses, which shall be reported to the EXECUTIVE BOARD in the same manner as other approved payments, may include amounts advanced on behalf of the COOPERATIVE either by the officer or by a MEMBER of the COOPERATIVE.

(G) The Officers of the COOPERATIVE shall be the Chair, Vice-Chair, and Treasurer.

(1) The Chair, Vice-Chair, and Treasurer shall be elected by the MEMBERS at the ALL MEMBER MEETING of the BOARD OF DIRECTORS held in March of each odd-numbered year. Other than the initial slate of Officers to be elected at the Special ALL MEMBER MEETING of the BOARD OF DIRECTORS in the fall of 2024 (as set forth above), the term of each Office shall be for two years – corresponding to the fiscal year of the COOPERATIVE -- and no MEMBER shall serve in the same Office (other than the office of Treasurer) for more than 2 consecutive terms. There shall be no limit on the number of consecutive terms for the office of Treasurer. Officers shall serve until their successors have been chosen

and begin their terms.

- (2) All Officers are expected to conscientiously prepare for, attend, and actively participate in all EXECUTIVE BOARD meetings and EXECUTIVE COMMITTEE meetings.
- (3) The Chair is the chief elected officer of the COOPERATIVE and directs the overall affairs and operations of the EXECUTIVE BOARD; presides over all meetings of the EXECUTIVE BOARD and the EXECUTIVE COMMITTEE; and performs all other duties as are authorized in the By-Laws, or as the EXECUTIVE BOARD may authorize and as may be defined in the policies of the COOPERATIVE. The Chair, when authorized, shall execute documents on behalf of the COOPERATIVE and shall perform those duties normally associated with the Chair of an intergovernmental agency. In the absence or inability of the Chair to perform these duties, the Vice-Chair shall temporarily provide those services. If the Chair shall resign or permanently be unable to perform such duties, the Vice-Chair shall succeed to the position of Chair. In the case of vacancies, in all other offices of the Cooperative (other than the EXECUTIVE DIRECTOR or the Treasurer) the Chair shall appoint individuals with the required qualifications to fill any vacancies until the end of the term of the person leaving the office.
- (4) The Vice-Chair assists the Chair in directing the affairs and operations of the EXECUTIVE BOARD and EXECUTIVE COMMITTEE and acts as

presiding officer at meetings in the absence of the Chair.

- (5) The Treasurer shall have charge and custody of and be responsible for all funds and securities of the COOPERATIVE; receive and give all receipts for monies due and payable to the COOPERATIVE from any source whatsoever; deposit all such monies in the name of the COOPERATIVE in such banks, savings and loan associations or other depositories as shall be selected by the EXECUTIVE BOARD; keep the financial records of the COOPERATIVE and invest the funds of the COOPERATIVE as are not immediately required in such securities as the EXECUTIVE BOARD shall specifically or generally select from time-to-time. Provided, however, that all investments of the COOPERATIVE funds shall be made only in compliance with the COOPERATIVE'S Investment Policy which must be in accordance with statutory law at the time of any investment. The Treasurer shall perform all the duties incident to the office of Treasurer and such other duties as from time-to-time may be assigned to the Treasurer by the EXECUTIVE BOARD. In the absence of the Treasurer, or in the event of the inability or refusal of such officers to act, the Chair may temporarily perform the duties of the Treasurer and, when so acting, shall have all of the powers of and be subject to all of the restrictions upon the Treasurer. A new Treasurer shall be selected at the next regular or special meeting of the EXECUTIVE BOARD, but the Chair may act, in any case, until the

selection is made. The Treasurer shall also serve as Chair of the Finance Committee.

- (6) The EXECUTIVE BOARD may, by at least a two-thirds (2/3) vote of the EXECUTIVE BOARD (being 10 votes required), remove the Chair, Vice-Chair, Treasurer or the chair or any member of any Committee. Such removal shall be within the total discretion of the EXECUTIVE BOARD. After removal, the EXECUTIVE BOARD shall notify in writing the individual removed and give that person an opportunity to request an appearance before the EXECUTIVE BOARD with at least seven (7) days' prior written notice to contest the removal. The EXECUTIVE BOARD shall permit the person removed to explain why that person would wish to be reinstated, but the decision of the EXECUTIVE BOARD on removal or reinstatement shall not be required to meet any due cause or due process standard. The EXECUTIVE BOARD shall notify in writing all of the MEMBERS of the COOPERATIVE of its decision to remove or reinstate the member. The decision of the EXECUTIVE BOARD shall be final. These Officers serve in "at will" positions. In the event that the Chair is removed by the EXECUTIVE BOARD, the Vice-Chair shall take over that position and the new Chair will select the Vice-chair to fill out the remainder of that term.
- (7) Ten percent (10%) or more MEMBERS of the COOPERATIVE may request a special meeting of the EXECUTIVE BOARD to be held for the

purpose of removal of the Chair, Vice Chair, or Treasurer. The person proposed to be removed from such a position may address the meeting of the EXECUTIVE BOARD, which may remove the person upon the concurrence of no less than 10 MEMBERS of the EXECUTIVE BOARD. These Officers serve in “at will” positions. In the event that the Chair is removed by the EXECUTIVE BOARD, the Vice-Chair shall take over that position and the new Chair will select the Vice-chair to fill out the remainder of that term.

ARTICLE V. Executive Board Meetings.

- (a) Regular meetings of the EXECUTIVE BOARD shall be held no less than every other month and the dates of regular meetings of the EXECUTIVE BOARD shall be established at the beginning of each fiscal year. Any item of business may be considered at a regular meeting. A failure to hold these meetings, as required, shall not invalidate acts otherwise taken. Special meetings of the EXECUTIVE BOARD may be called by its Chair, or by any two (2) Directors. Five (5) days written notice of regular or special meetings of the EXECUTIVE BOARD shall be given to the official representatives of each MEMBER and an agenda specifying the subject of any special meeting shall accompany such notice. Business conducted at special meetings shall be limited to those items specified in the agenda.

- (b) The time, date, and location of regular and special meetings of the EXECUTIVE BOARD shall be determined by the Chair of the EXECUTIVE BOARD or by the convening authority.
- (c) To the extent consistent with these By-Laws, and except as modified by procedural rules established, Roberts Rules of Order, latest edition, shall govern all meetings of the COOPERATIVE. Minutes of all regular and special meetings of the EXECUTIVE BOARD and the EXECUTIVE COMMITTEE shall be sent to all MEMBERS.
- (d) Committee Chairs shall attend the regular meetings of the EXECUTIVE BOARD.

ARTICLE VI. Executive Committee; Executive Director.

- (a) The EXECUTIVE COMMITTEE is comprised of the Chair, Vice Chair, and Treasurer of the EXECUTIVE BOARD. The EXECUTIVE COMMITTEE shall be responsible for implementing the policy directions of the EXECUTIVE BOARD, primary supervision of the EXECUTIVE DIRECTOR, making a recommendation to the EXECUTIVE BOARD concerning the hiring, termination, and compensation of the EXECUTIVE DIRECTOR, and carrying out duties specified in this Contract and By-Laws or otherwise assigned by the EXECUTIVE BOARD. The EXECUTIVE COMMITTEE shall meet no less than monthly with the EXECUTIVE DIRECTOR and as no formal action will be taken in these meetings with the EXECUTIVE DIRECTOR, these

meetings will not be considered a form of meeting requiring notice to the MEMBERSHIP or otherwise open to the MEMBERSHIP. The EXECUTIVE COMMITTEE, together with the EXECUTIVE DIRECTOR, shall, on dates in September and January of each year as determined by the EXECUTIVE COMMITTEE, hold a virtual update meeting that all MEMBERS may attend and for which MEMBERS may submit questions of general interest. No quorum is required for the virtual update meetings and no action will be taken at the virtual update meetings.

- (b) The EXECUTIVE DIRECTOR shall be primarily responsible for the day-to-day activities of the COOPERATIVE include but not limited to: the approval of warrants and bills; compliance with growth policy; assistance in preparation of the audit; recommending programs, vendors, investment policies, goals, and policy changes to EXECUTIVE BOARD; service level assessments and the management of the employees of the COOPERATIVE. The EXECUTIVE DIRECTOR shall, within the budgetary constraints approved by the EXECUTIVE BOARD, and subject to the supervision of the EXECUTIVE COMMITTEE, be responsible for the hiring, management, promotion, discipline, termination, and other matters related to employees of the COOPERATIVE. The EXECUTIVE DIRECTOR shall make recommendations concerning the compensation of employees and the personnel policies to be adopted by the COOPERATIVE for its employees. The EXECUTIVE DIRECTOR may enter into contracts and expenditures in

amounts up to \$50,000, have the authority to renew or extend, with or without amendments, existing contracts with cost decreases or, in the case of increases, those of less than 5% per year. The EXECUTIVE BOARD, by motion, may increase the dollar amounts of the contracts and expenditures, which may be authorized by the EXECUTIVE DIRECTOR. The EXECUTIVE DIRECTOR, or their designee, shall attend all meetings of the BOARD OF DIRECTORS, EXECUTIVE BOARD, the EXECUTIVE COMMITTEE, the Finance Committee, the Operations Committee, and the Membership Committee, but shall not be a voting member of those bodies.

ARTICLE VII. Committees.

(a) A Finance Committee is established. The Finance Committee shall be (15) fifteen MEMBERS comprised of the Treasurer and, as appointed by the EXECUTIVE COMMITTEE, one MEMBER from each of the six VOTING TIERS and eight other appointed MEMBERS from among the MEMBERS of the COOPERATIVE. The Treasurer shall serve as Chair. The Committee members shall be appointed for a term of two (2) years which shall be staggered. The Finance Committee shall serve as a recommending body to the EXECUTIVE BOARD. The Finance Committee shall review and recommend the annual budget, programs and vendor performance and other projects and tasks as assigned by the Chair or the EXECUTIVE BOARD. The EXECUTIVE COMMITTEE

shall fill vacancies on the Finance Committee, which appointments shall be until the end of the term of the person replaced.

(b) An Operations Committee is established. The Operations Committee shall be (15) fifteen MEMBERS comprised of the following:

1) the Chair, who is appointed by the Chair of the EXECUTIVE BOARD; and,

2) as appointed by the EXECUTIVE COMMITTEE, one MEMBER chosen from among the MEMBERS of each of the respective six VOTING TIERS; and

3) as appointed by the EXECUTIVE COMMITTEE, eight other MEMBERS chosen from among the MEMBERS of the COOPERATIVE at large.

The Committee members shall be appointed for a term of two (2) years which shall be staggered. The Operations Committee shall serve as a recommending body to the EXECUTIVE BOARD. It shall review the day-to-day operations of the COOPERATIVE and make recommendations for changes needed or actions to create greater efficiencies. The EXECUTIVE COMMITTEE shall fill vacancies on the Operations Committee, which appointments shall be until the end of the term of the person replaced.

(c) A Membership Committee is established. The Membership Committee shall have at least seven (7) members consisting of an appointed chair and one member from each of the respective VOTING TIERS. The members of the Committee and its Chair shall be selected by the EXECUTIVE COMMITTEE. The Committee

members shall be appointed for a term of two (2) years which shall be staggered. The Membership Committee shall provide onboarding, mentoring, education, training, networking, and leadership development to the IPBC membership. The EXECUTIVE COMMITTEE shall fill vacancies on the Membership Committee which appointments shall be until the end of the term of the person replaced.

(d) The EXECUTIVE BOARD or the EXECUTIVE COMMITTEE may establish on a permanent or ad hoc basis other committees or Boards to serve the COOPERATIVE.

(e) When officers of the COOPERATIVE need to be selected by the EXECUTIVE BOARD, the EXECUTIVE COMMITTEE shall name a Nominations Committee, which will consider candidates and make a recommendation for the filling of the positions. The EXECUTIVE COMMITTEE may, but shall not be required to, select a past Chair who shall serve as Chair of the Nominations Committee. The past Chair may be authorized to select Delegates or Alternates to serve as Members of the Nominations Committee. The Nominations Committee shall present to the EXECUTIVE BOARD a recommended slate of candidates for review by the MEMBERSHIP. This report shall be submitted no later than thirty (30) days before the date of the ALL MEMBER MEETING of the BOARD OF DIRECTORS held in March of each year and at which the elections shall take place. Other persons seeking to be named to positions on committees may have their names offered and reported for consideration by the EXECUTIVE COMMITTEE as it shall be

constituted from time to time.

(f) The COOPERATIVE shall purchase Directors and Officers Liability Insurance, commercial general liability insurance, and a blanket fidelity bond, all in such amounts as to be established by the EXECUTIVE BOARD to protect Officers, Directors and employees and to assure the fidelity of all officers, directors, and employees of the COOPERATIVE who shall have the authority to receive or authorize by their signature or order the payment of COOPERATIVE funds. Additional fidelity and similar coverages may be procured by the COOPERATIVE from time-to-time.

(g) The EXECUTIVE BOARD may select a financial institution to carry out some or all of the functions which would otherwise be assigned to a Treasurer and may select a management company or agent to carry out some or all of the functions which would otherwise be assigned to the EXECUTIVE DIRECTOR.

ARTICLE VIII. Finances.

A. Administrative Fund.

The cost of the administration of the COOPERATIVE shall be borne by each of its MEMBERS in direct proportion to the number of employees and officers of the MEMBER and listed entities whose benefit programs are to be administered by the COOPERATIVE as compared to the total number of such persons served by the COOPERATIVE.

Whenever payments to the Administrative Fund shall be based upon an estimate, the MEMBER shall promptly receive a refund or pay a deficiency when final figures

become available. The Administrative Fund shall pay all of the administrative costs of the COOPERATIVE and payment shall be made to cause the administration of all actions approved by the BOARD OF DIRECTORS.

B. The Benefit Fund.

Payments into the Benefit Fund will be developed and administered in the following manner:

1. Before the start of each fiscal year, the BOARD OF DIRECTORS, based upon the advice and recommendation of the EXECUTIVE COMMITTEE, will determine on the basis of financial data the amount of total payments from all MEMBERS necessary to fund anticipated benefit payments and the cost of insurance.
2. The BOARD OF DIRECTORS, based upon the recommendation of the EXECUTIVE COMMITTEE will also determine how this total amount of anticipated expenses should be divided among the MEMBERS. The charges to be made to the MEMBERS shall be determined by a vote of the BOARD OF DIRECTORS which shall, in establishing such sums due, treat all similarly situated MEMBERS in an equal manner. Such a vote must receive at least the concurrence of two-thirds (2/3) of a quorum at a BOARD OF DIRECTORS meeting.
3. The BOARD OF DIRECTORS may, each fiscal year, choose an allocation of the payments into the Benefit Fund whereby some or all of the costs are divided among the MEMBERS based upon general in-

creases or decreases in the total costs of the COOPERATIVE without regard to the claims made against individual MEMBERS or it may elect to grant debits or credits based upon the individual plans offered by the MEMBERS or the level of claims. Debits or credits may be expressed through the use of a banding formula.

4. In the event that the BOARD OF DIRECTORS shall fail to approve the charges or allocations by the requisite vote, the charges and allocations for the next year shall, until and unless modified, be based upon the prior year's allocations with charges increased by ten percent (10%) and additionally subject to the obligation to make Supplementary Payments.
5. The COOPERATIVE may purchase such other insurance coverage as may be approved by the EXECUTIVE BOARD.
6. Without regard to any other provision contained herein, the EXECUTIVE BOARD may establish charges to be paid by the MEMBERS for life insurance benefits to be based upon total pooling of the experience of all MEMBERS with each MEMBER paying the same cost per employee for such life insurance coverage. The time at which a determination regarding the amounts due for such life insurance coverage and the manner in which such amounts shall be paid shall be the same as that established for other payments into the Benefit Fund. The EXECUTIVE BOARD may also establish a

program to provide dental or other benefits to MEMBERS which wish such coverage.

C. The Wellness Fund.

Payments into the Wellness Fund will be developed and administered in the following manner:

1. Before the start of each fiscal year, the EXECUTIVE BOARD, based upon the advice and recommendation of the EXECUTIVE DIRECTOR, will determine on the basis of financial data the amount of total payments from all MEMBERS necessary to fund anticipated wellness related expenses and wellness incentives.
2. The EXECUTIVE BOARD, based upon the recommendation of the EXECUTIVE DIRECTOR, will also determine how this total amount of anticipated expenses should be divided among the MEMBERS. The charges to be made to the MEMBERS shall be determined by a vote of the EXECUTIVE BOARD which shall, in establishing such sums due, treat all similarly situated MEMBERS in an equal manner. Such a vote must receive at least 10 affirmative votes of the MEMBERS of the EXECUTIVE BOARD.
3. The EXECUTIVE BOARD may, each fiscal year, choose an allocation of the payments into the Wellness Fund whereby some or all of the costs are divided among the MEMBERS based upon general increases or decreases in the total costs of the COOPERATIVE without

regard to the claims made against individual MEMBERS or it may elect to grant debits or credits based upon the individual plans offered by the MEMBERS or the level of claims.

4. In the event that the EXECUTIVE BOARD shall fail to approve the charges or allocations by the requisite vote, the charges and allocations for the next year shall, until and unless modified, be based upon the prior year's allocations with charges increased by ten percent (10%) and additionally subject to the obligation to make Supplementary Payments.

D. General Fiscal Matters.

The EXECUTIVE BOARD shall provide to the MEMBERS an annual audit of the financial affairs of the COOPERATIVE to be made by a certified public accountant at the end of each fiscal year in accordance with generally accepted auditing principles.

E. Supplementary Payments.

If, during any year, the funds on hand are not sufficient to pay benefits or administrative expenses which are the responsibility of the COOPERATIVE and not through a failure of insurance coverage or other causes, the EXECUTIVE BOARD shall require Supplementary Payments. The increased payments shall be computed utilizing the same method under which payments were made for the year in question and except for payments into the Administrative Fund where payments shall be made by all MEMBERS, they

shall only be due from MEMBERS which were entitled to receive benefits from the account which requires Supplementary Payments. If a MEMBER transfers employees and officers from a fund where Supplementary Payments are due to another fund, a determination shall be made by the EXECUTIVE BOARD as to the amount of Supplementary Payments due from that MEMBER arising from its prior participation in that fund.

F. Terminal Reserves

During any fiscal year, and with the approval of the Treasurer, a MEMBER may withdraw from the COOPERATIVE any amount of Terminal Reserves provided that there shall be deducted from that payment any amounts owed by the MEMBER or reasonably anticipated to be owed by the MEMBER to the COOPERATIVE either being then due and payable or estimated to be due based upon tentative figures or preliminary audits, or any other amounts due from the MEMBER to the COOPERATIVE. The Treasurer may always deduct from a MEMBER's Terminal Reserves any amounts necessary to pay for that MEMBER's obligations to the COOPERATIVE. Within thirty (30) days after a final audit, approved by the EXECUTIVE BOARD, the amounts then determined to be owed to the COOPERATIVE shall be deducted from the Terminal Reserves. Thereafter, the MEMBER shall receive a determination of the Treasurer within sixty (60) days of a written request. The Treasurer shall provide a written report to the EXECUTIVE COMMITTEE of any approved requests for withdrawals from Terminal Reserves within sixty (60) days after the withdrawal. If the COOPERATIVE shall have advanced funds on behalf of a MEMBER such that the MEMBER is expected to have a deficit balance in its Terminal Reserves, then, within sixty (60) days after written notice, the MEMBER shall be required to pay to the

COOPERATIVE at least sufficient funds so as to remove the deficit in its Terminal Reserves.

G. Suspension or Termination of Claim or Other Payments.

In any situation, where the EXECUTIVE COMMITTEE should determine that a Member has not promptly paid to the COOPERATIVE any financial obligation then due, which is in excess of the amount of \$50,000.00, or is more than one-half of one month's contribution, whichever is less, it may direct that the payment of the Member's claims or other sums sought shall be suspended or terminated for a specified period of time or until certain specified actions have taken place. If the decision is made by the EXECUTIVE COMMITTEE, the suspension may be for a period of time up to and including the date at which the EXECUTIVE BOARD considers and takes action relating to a proposed termination of membership or other action. The EXECUTIVE COMMITTEE shall notify the Members of the EXECUTIVE BOARD of its decision. The EXECUTIVE BOARD may also vote to suspend or terminate the payment of claims in the situations provided for above.

As is provided in the PURPOSE section, the IPBC is to "jointly administer some or all of the personnel benefit programs offered by its MEMBERS to their officers and employees." The COOPERATIVE has determined that the funding of those administrative acts is dependent upon the prompt and full payment by MEMBERS of their obligations. A defaulting MEMBER, rather than the COOPERATIVE, shall be fully responsible for any claims, demands or suits, or any increased costs allegedly caused by a suspension or termination of claim payment on behalf of a MEMBER in financial default. In case such a claim, demand, suit, or increased cost is made or incurred by the COOPERATIVE, the

defaulting MEMBER shall hold harmless, defend, and indemnify the COOPERATIVE, its other MEMBERS and their officers and employees against such claim, demand, suit, or cost.

H. Payments in Error.

If the COOPERATIVE should in error pay any benefit claims, administrative fees, or other charges on behalf of a Member, which it was not obligated to pay, the Member shall, upon thirty (30) days' written notice, reimburse the COOPERATIVE for the amounts improperly paid.

ARTICLE IX. Plan of Benefits, HMOs and Reductions In Coverage.

MEMBERS may change the Plan of Benefits provided at any time, but shall notify the EXECUTIVE DIRECTOR at least one hundred twenty (120) days prior to the intended effective date of such change; and such change shall be subject to a redetermination on the underwriting basis of the payments due the COOPERATIVE. The EXECUTIVE DIRECTOR shall make a determination as to the amount of the increased or reduced payment required in light of the change. If the MEMBER should dispute the amount of the redetermination, an initial decision regarding such amount shall be made by the EXECUTIVE COMMITTEE with an appeal to the EXECUTIVE BOARD. In the event that the EXECUTIVE DIRECTOR should determine that the proposed change provides a level or type of coverage, the cost of which cannot be determined on an underwriting basis or which would provide an excessive risk to the COOPERATIVE, or is inconsistent with the insurance purchased by the COOPERATIVE or would otherwise not be in the best interest

of the COOPERATIVE, the EXECUTIVE DIRECTOR shall present that opinion and the reasons supporting that opinion in writing to the MEMBER requesting the change and to the Chair and the EXECUTIVE DIRECTOR. The change shall not come into effect within the COOPERATIVE's plan of benefits except in the manner recommended by the EXECUTIVE DIRECTOR unless the decision of the EXECUTIVE DIRECTOR is overturned or modified by the EXECUTIVE COMMITTEE or the EXECUTIVE BOARD. The MEMBER may institute the change, but shall be individually financially responsible for the administration and payment of such benefits as are not eventually authorized to be provided within the COOPERATIVE. The EXECUTIVE DIRECTOR shall as promptly as possible re-price covered benefits. No claim may be made against the COOPERATIVE for the unauthorized change.

The COOPERATIVE may offer to its MEMBERS participation in an HMO Fund separate from the Benefit Fund to pay the costs of providing HMO services to the officers and employees of the participating MEMBERS. Accounting for this Fund, including surplus or deficit amounts, shall be separate from the Benefit Fund. For any fiscal year if the EXECUTIVE BOARD of the COOPERATIVE votes to provide an HMO Fund for the fiscal year, all MEMBERS offering HMO benefits to their officers and employees shall only offer the Plan of Benefits of the COOPERATIVE'S HMO Fund or those in union-sponsored programs.

An HMO Plan of Benefits shall mean any plan which provides benefits to participants through a restriction on the doctors who provide services, an absence of substantial

deductible or co-payments and an absence of or simplified claim forms. An HMO Plan of Benefits may be offered by the COOPERATIVE either through joint purchase or pooling.

The rates for the HMO Plan or Plans of Benefits offered by the COOPERATIVE for the specific plans of its MEMBERS shall be established by the EXECUTIVE BOARD. The Board may establish an average annual rate percentage change for the HMO Fund as a whole, and may then, through the use of a banding formula, establish bands of no more than 10 percentage points more or less than the average annual price adjustment for those MEMBERS whose claims experience has been above or below the average. It may also approve other allocation formulas.

Where the COOPERATIVE establishes set rates, under two (2) circumstances and upon a report of the EXECUTIVE DIRECTOR, the EXECUTIVE BOARD may individually rate a MEMBER or MEMBERS. Where the actual paid claims, incurred by a MEMBER during any two (2) or more years of a three (3) year period, were both in the highest or both in the lowest bands, or where it is discovered that claim history material submitted by a MEMBER was improperly stated, that MEMBER or MEMBERS may be individually rated and may be required to contribute to the appropriate Fund a sum no more than 100% greater or lesser than the amount which would be payable had that MEMBER or MEMBERS been rated with the group as a whole. Such individual rating shall carry into another cycle until such time as the paid claims of the MEMBER have declined for a year so that the MEMBER would be entitled to be rated with the group as a whole.

If, for any year or years, the EXECUTIVE BOARD should determine that there are surplus funds within the HMO Fund which can be distributed to the MEMBERS without

harming the fiscal integrity of the HMO Fund, those surplus funds shall be distributed to all existing and prior MEMBERS of the COOPERATIVE (who validly withdrew) who made contributions into the HMO Fund in the proportion in which those contributions were made. A determination as to whether surplus funds shall be distributed to the remaining MEMBERS of the COOPERATIVE shall be made from time-to-time by the EXECUTIVE BOARD.

If a MEMBER, in accordance with the By-Laws, elects to withdraw from the COOPERATIVE, or if it has no officers or employees who will receive the HMO Plan of Benefits for the next fiscal year, it shall be the obligation of that MEMBER to pay all the claims of its officers and employees for HMO services under the COOPERATIVE which were performed prior to the commencement of that next fiscal year, but not submitted and processed before the end of that fiscal year, but within the time period allowed for submissions. The EXECUTIVE COMMITTEE, on the recommendation of the EXECUTIVE DIRECTOR, may require a MEMBER to pre-fund an amount estimated to be sufficient to pay for such HMO runoff claims and administration.

Within sixty (60) days after the approval of the audit of the COOPERATIVE's HMO Fund for the prior fiscal year, a final accounting of funds owed or owing shall take place. If a MEMBER which has offered an HMO Plan of Benefits shall have no officers or employees receiving such benefits in a subsequent fiscal year, or if that MEMBER has validly withdrawn from the COOPERATIVE, then that MEMBER, subject to a pre-funding of HMO run-off claims and administration, shall be entitled to its percentage of any surplus funds within the HMO Fund. The payment of surplus funds or the receipt of amounts otherwise

due from the MEMBER shall be carried out in accordance with the provisions of Article XVII.

In the event that HMO coverage is no longer offered by the COOPERATIVE, any surplus funds remaining shall, after audit and the setting aside of run-off amounts, be distributed to the MEMBERS (except for expelled MEMBERS) in the proportion in which they contributed funds to the HMO Fund.

If the number of employees or officers of the MEMBERS eligible to receive some portion of any of the COOPERATIVE's benefits should decline or where for some other reason the EXECUTIVE DIRECTOR is concerned about the ability of a specific fund to cover potential claims, the matter shall be brought to the attention of the EXECUTIVE COMMITTEE and the EXECUTIVE BOARD. The EXECUTIVE BOARD may determine that the coverage shall no longer be offered or its scope or amount of coverage shall be prospectively reduced. A decision to make such a reduction shall not become effective for at least sixty (60) days after the vote of the EXECUTIVE BOARD.

ARTICLE X. Insurance and Other Coverages.

The COOPERATIVE may purchase insurance from a company permitted to write such coverage in Illinois. The COOPERATIVE may also join with other intergovernmental entities to provide collective self-insurance. The obligation of any MEMBER to the COOPERATIVE shall be limited to funding those benefits collectively self-insured by the COOPERATIVE. No MEMBER shall be responsible for the benefit claims of another

MEMBER which were to be paid by insurance but were not paid or at levels above the insurance purchased for MEMBERS.

ARTICLE XI. Obligations of Members.

The obligations of MEMBERS of the COOPERATIVE shall be as follows:

- (a) To appropriate or budget for, where necessary to levy for and to promptly pay all monthly and supplementary or other payments to the COOPERATIVE at such times and in such amounts as shall be established by the EXECUTIVE BOARD within the scope of this Contract and By-Laws. Any delinquent payments shall be paid with a penalty which shall, for the period of non-payment, be equivalent to the prime rate of interest on the date of delinquency charged by the bank in Illinois with the largest assets or the highest interest rate allowed by statute to be paid by an Illinois non-home rule municipality whichever is greater. In the event that the COOPERATIVE shall be required to expend funds for administrative, legal, or other costs brought about by the failure of a MEMBER to pay sums owed the COOPERATIVE or to otherwise comply with its obligations, such amounts expended shall be added to the sums due the COOPERATIVE and shall be payable by the MEMBER. In the event that a MEMBER of the COOPERATIVE should sue the COOPERATIVE or any of its MEMBERS or officers regarding an interpretation of this Contract and By-Laws, an action taken by the EXECUTIVE BOARD or officers or any other matter arising out

of its membership in the COOPERATIVE, and should not be the prevailing party in that suit, it shall, as part of its contractual obligation to this COOPERATIVE, pay the reasonable attorneys' fees and other costs and expenses expended by the COOPERATIVE in defending against that suit.

- (b) During its entire membership in the IPBC, a MEMBER shall only exclusively provide to its employees and officers, except independent contractors, or those in union-sponsored programs, the health and accident benefits and associated life insurance coverage of the COOPERATIVE. In entering into this intergovernmental agreement, each MEMBER, sub-pool, and sub-pool member acknowledges, recognizes, and accepts that intergovernmental agreements are voluntary associations where the MEMBERS can determine, by contract and, by authorized actions of the EXECUTIVE BOARD and the EXECUTIVE COMMITTEE, the identity of the MEMBERS, how MEMBERS and those otherwise bound can be admitted, dealt with during membership and expelled.
- (c) To select a person to serve on the EXECUTIVE BOARD and to select an alternate representative.
- (d) To allow the COOPERATIVE reasonable access to all facilities of the MEMBER and all records including but not limited to financial records which relate to the purpose and powers of the COOPERATIVE.
- (e) To furnish full cooperation with the COOPERATIVE's EXECUTIVE DIRECTOR, Committees, attorneys, claims adjusters, the EXECUTIVE

DIRECTOR and any Board or committee, agent, employee, officer or independent contractor of the COOPERATIVE relating to the purpose and powers of the COOPERATIVE.

- (f) To furnish the COOPERATIVE with a copy of revisions to its written benefit program at least one hundred twenty (120) days prior to the effective date of such change.
- (g) To report to the COOPERATIVE as promptly as possible all claims made to it within its benefit program as administered by the COOPERATIVE.
- (h) To follow those procedures regarding the administration of and application for benefits adopted by the EXECUTIVE BOARD which do not reduce the level of benefits contained within any MEMBER's individual benefit program, which are to be paid for by funds of or through the COOPERATIVE. For example, large case management, frequency and amount of claim submissions and wellness programs. The adoption of such procedures shall require at least the concurrence of no less than 8 votes of the members of the EXECUTIVE BOARD.
- (i) This Contract and By-Laws document is not intended to create or provide any rights in third-parties, including, but not limited to the individuals to whom the MEMBERS provide benefits.

ARTICLE XII. Liability of EXECUTIVE BOARD or Officers.

The MEMBERS of the EXECUTIVE BOARD or officers of the COOPERATIVE should use ordinary care and reasonable diligence in the exercise of their power and in the performance of their duties hereunder; they shall not be liable for any mistake of judgment or other action made, taken or omitted by them in good faith; nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care; nor for loss incurred through investment of COOPERATIVE funds, or failure to invest. No Director shall be liable for any action taken or omitted by any other Director. No Director shall be required to give a bond or other security to guarantee the faithful performance of their duties hereunder. The Administrative Fund shall be used to defend and hold harmless any Director or officer for actions taken by the EXECUTIVE BOARD, the EXECUTIVE COMMITTEE, Committee members, or performed by the Director within the scope of his or her authority. The COOPERATIVE may purchase insurance providing similar coverage for such Directors or officers.

ARTICLE XIII. Additional Insurance.

The EXECUTIVE DIRECTOR, through the distribution of the minutes of the EXECUTIVE BOARD or through other means, shall inform all MEMBERS of the scope and amount of insurance in force from time-to-time. Membership in the COOPERATIVE shall not preclude any MEMBER from purchasing any insurance coverage above those amounts or in addition to that purchased by the COOPERATIVE. The COOPERATIVE may also create and administer programs to pay dental or other claims. All funds for the

operation of such programs shall be accounted for separately and the financial obligations arising from such programs shall only be the responsibility of MEMBERS which participate.

ARTICLE XIV. Disputes Over Coverage.

In the event that a MEMBER should question whether its employee or officer or that of a listed entity is entitled to payments, that MEMBER shall, in writing, direct the COOPERATIVE not to pay any further amounts arising from such claim after the date of the receipt of the written direction. When so directed, the COOPERATIVE shall not pay such claim unless the MEMBER's order is withdrawn. Provided, however, that the MEMBER shall defend and hold harmless the COOPERATIVE against all costs, including defense costs, or damages which the COOPERATIVE shall incur in acting on the direction of the MEMBER. The COOPERATIVE may require the MEMBER to advance funds to support this obligation and on a failure of the MEMBER to do so, it may choose to make the payment.

In the event that an officer or employee or other person claiming benefits from a MEMBER or the MEMBER itself should contest the decision of the EXECUTIVE BOARD, which declines to pay a benefit in whole or in part, the decision of the EXECUTIVE BOARD shall be final in the absence of fraud. The COOPERATIVE shall have no financial responsibility if a company which provides insurance for benefit claims refuses or is unable to pay such claims. In the absence of action by the EXECUTIVE BOARD to recover such funds from the Company the MEMBER affected may pursue the matter at its expense.

ARTICLE XV. Contractual Obligation.

This document shall constitute a contract among the MEMBERS of the COOPERATIVE. The obligations and responsibilities of the MEMBERS set forth herein including the obligation to take no action inconsistent with this Contract and By-Laws as originally written or validly amended shall remain a continuing obligation and responsibility of the MEMBER. The terms of this contract may be enforced in a court of law either by the COOPERATIVE itself or by any of its MEMBERS. The consideration for the duties herewith imposed upon the MEMBERS to take certain actions and to refrain from certain other actions shall be based upon the mutual promises and agreements of the MEMBERS set forth herein and the advantage gained by MEMBERS in anticipated reduction of administrative costs for the processing of personnel benefits. Provided, however, that the financial obligations of a MEMBER are limited to that agreed to herein or such additional obligations as may come about through amendments to these By-Laws. The Scope of Coverage of the COOPERATIVE shall extend only to the MEMBERS. This intergovernmental agreement is not intended to, nor does it grant, any rights, including but not limited to, the right to an interpretation of its provisions or benefits to any third-parties.

ARTICLE XVI. Expulsion of Members.

By at least the concurrence of the vote of 8 members of the EXECUTIVE BOARD, any MEMBER may be expelled. Such expulsion, which shall take effect in the manner set out below, may be carried out for one or more of the following reasons:

- (a) Failure to make any payments due to the COOPERATIVE,

- (b) Failure to exclusively provide to its employees and officers, except independent contractors, or those in union-sponsored programs, the health and accident benefits and associated life insurance coverage of the COOPERATIVE,
- (c) Failure to furnish full cooperation with the COOPERATIVE's attorneys, EXECUTIVE DIRECTOR, and any agent, employee, officer or independent contractor of the COOPERATIVE relating to the purpose and powers of the COOPERATIVE,
- (d) Failure to carry out any obligation of a MEMBER which impairs the ability of the COOPERATIVE to carry out its purpose and powers.

No MEMBER may be expelled, except after notice from the COOPERATIVE, of the alleged failure along with a reasonable opportunity of not less than fifteen (15) days to cure the alleged failure. The MEMBER, within that 15-day period, may request a hearing before the EXECUTIVE BOARD before any decision is made as to whether the expulsion shall take place. The EXECUTIVE 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 EXECUTIVE BOARD may appoint a hearing officer to conduct such hearing and make a recommendation to the EXECUTIVE 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 EXECUTIVE BOARD to expel a MEMBER after notice and hearing and a failure to cure the alleged defect shall be final unless the EXECUTIVE BOARD shall be found by a court to have committed a gross abuse of discretion. After expulsion, the former MEMBER

shall continue to be fully obligated for any payments due to the COOPERATIVE which were created during the term of its membership along with any other unfulfilled obligation as if it were still a MEMBER of the COOPERATIVE.

The obligation of the COOPERATIVE to administer the claims filed under the benefit program of the expelled MEMBER shall cease thirty (30) days after the date of expulsion, provided that the MEMBER is not in financial arrears to the COOPERATIVE. If the expelled MEMBER is in financial arrears to the COOPERATIVE, including estimated deficits, the administration of claims shall cease immediately upon expulsion. After expulsion, the COOPERATIVE or its EXECUTIVE DIRECTOR may agree by contract to administer and pay the claims of the expelled MEMBER using funds furnished by the expelled MEMBER. The expelled MEMBER shall be required to pay the cost of the transfer of such document if it should choose to pay claims by itself or through others.

ARTICLE XVII. Withdrawal of a Member and Continuation
 or Termination of the COOPERATIVE.

MEMBERS shall have the right to withdraw from membership at the end of any fiscal year if proper notice of withdrawal is given in the manner provided in this Article. The obligation of a MEMBER shall include continuing participation with regard to all classes of officers and employees of the MEMBER, not including its listed entities, established as being entitled to benefits at the commencement of each fiscal year. Provided, however, that if a MEMBER should choose to end continuing participation with regard to officers and employees of the MEMBER, other than at the end of a one-year term, who are to be provided health and life insurance coverage in a union-sponsored program, the

COOPERATIVE shall permit such withdrawal, but it may re-price the costs of benefits to the continuing employees or officers based upon the same underwriting criteria used by that COOPERATIVE in the normal course of its business. If officers or employees are withdrawn from the COOPERATIVE into a union-sponsored program, they may subsequently be returned to coverage, but only on an underwriting basis. In addition, when the withdrawal is into a union-sponsored program, no MEMBER shall be expelled from the COOPERATIVE if the continuing employees or officers meet the general criteria required from time-to-time for other MEMBERS of the COOPERATIVE. If a MEMBER, which no longer meets the underwriting criteria as a MEMBER should be voluntarily admitted to an intergovernmental agency (sub-pool), which itself is a MEMBER of the COOPERATIVE, it may continue receiving benefits from the COOPERATIVE under the Contract and By-Laws of the Intergovernmental Agency. Provided, however, that upon at least 10 affirmative votes of the MEMBERS of the EXECUTIVE BOARD, any MEMBER may be relieved of continuing participation with regard to a particular class or classes of officers and employees of the MEMBER. In addition, a MEMBER shall only be required to provide continuing participation for those persons within such classes of officers and employees as are actually employed or working for the MEMBER.

Any MEMBER of the COOPERATIVE may withdraw from the COOPERATIVE at the end of a fiscal year of the COOPERATIVE upon the giving of at least ninety (90) days prior written notice of withdrawal. Such notice shall be addressed to the Chairman of the COOPERATIVE and the EXECUTIVE DIRECTOR, and shall be accompanied by a resolution of the Corporate Authorities of the MEMBER electing to withdraw from the

COOPERATIVE.

If a MEMBER should withdraw from the COOPERATIVE and the contract between the COOPERATIVE and providers do not provide for mandatory run-off claim payments, no benefit claims of the MEMBER shall be processed or paid by the COOPERATIVE after the close of the fiscal year in which withdrawal takes place, unless the withdrawing MEMBER shall enter into a contract with the COOPERATIVE or the provider to provide such services using funds furnished by the withdrawing MEMBER. Pending claims and other records relating to the withdrawing MEMBER shall, in the absence of such a contract, be turned over to that MEMBER in a prompt manner and at that MEMBER's cost.

If a MEMBER should withdraw from the COOPERATIVE, as of the date of its withdrawal, individual stop loss or aggregate stop loss insurance policies purchased by the COOPERATIVE, on behalf of its MEMBERS, will likely contain provisions which will provide that such insuring entities will be required to pay no claims of a withdrawing MEMBER which were not paid during the time of its Membership. Withdrawing MEMBERS will be required to pay such claims not paid during the time of its Membership. Withdrawing MEMBERS may wish to explore individually purchasing extensions of such insurance policies if available to them from the insuring entities or arrange for alternate insurance coverages. MEMBERS should be aware of such payment obligations which will not be those of the COOPERATIVE except in the unlikely event that such individual stop loss or aggregate insurance policies provide for additional coverage.

With regards to benefit claims and administrative fees after a MEMBER withdraws in any way from the COOPERATIVE, the contract between the COOPERATIVE and the

entity offering HMO benefits may provide that the COOPERATIVE is responsible for certain payments to the HMO for benefit claims and administrative costs for a continuing period. If a contract contains such a provision, the withdrawing MEMBER is responsible for the payment to the COOPERATIVE for all of such payments for the period contained within that agreement.

With regards to benefit claims and administrative fees after a MEMBER withdraws in any way from the COOPERATIVE, the Contract between the COOPERATIVE and the entity or entities offering other than HMO benefits may also provide that the COOPERATIVE is entitled to those entities paying the run-off claims of the withdrawing MEMBER for a period of time specified in the Contract. Such a contract may obligate the COOPERATIVE to pay the provider for the payment of the agreed-upon claims of the withdrawing MEMBERS with the specified period of time even if the withdrawing MEMBER should be in default of its obligations to pay the COOPERATIVE for the previously-agreed to run-off coverage after the MEMBER'S withdrawal. Such contracts with providers may prevent the COOPERATIVE from directing the provider not to pay claims of the withdrawing MEMBER even if the withdrawing MEMBER is in default of its requirements. In some cases, the provider will advance funds and bill the COOPERATIVE after the payments have been made. Under other contracts, the provider may stop the payment for all continuing MEMBERS or MEMBERS which have withdrawn from the COOPERATIVE and have fully paid in advance or as requested for run-off claims. Because of the serious adverse affect to all of the COOPERATIVE'S MEMBERS in the event that a withdrawing MEMBER fails to pay such amounts, the COOPERATIVE may utilize any funds within the

account of the withdrawing MEMBER to pay for such run-off claims or may require the withdrawing MEMBER to advance funds reasonably estimated to be paid by the provider and the COOPERATIVE in fulfilling run-off payment provisions of the previously executed contracts with the providers. All withdrawing MEMBERS shall remain fully obligated for their portion of all expenses of and claims agreed to be paid by the COOPERATIVE incurred during the period of their Membership and during any period in which contractually obligated run-off claims are to be paid. The COOPERATIVE may seek to recover those funds at any time or seek to require advance payment of estimated costs.

Within one-hundred twenty (120) days after the approval of the audit of the COOPERATIVE for the prior fiscal year, a final accounting of funds owed or owing shall take place. Such accounting shall include all funds of the COOPERATIVE. If the amount owed to or owing from the withdrawing MEMBER shall be \$250,000 or less, the party owing such funds shall make payment within ninety (90) days after the final accounting. If the amount owed to or owing from the withdrawing MEMBER shall be over \$250,000, the party owing such funds may pay such funds owed in no more than 13 equal monthly payments with interest at the highest amount lawfully payable by a non-home rule Illinois municipality with the first payment to commence within ninety (90) days after the final accounting is established.

If the withdrawal of MEMBERS prior to the start of the next fiscal year shall reduce the number of covered employees and officers of the remaining MEMBERS, and any new MEMBERS legally committed to membership for the next fiscal year, to less than 5,000 covered lives, the COOPERATIVE shall, except for winding up its affairs, cease its

operations at the end of the then-concluding fiscal year. In that case, the EXECUTIVE BOARD shall continue to meet on such a schedule as shall be necessary to carry out the winding up of the affairs of the COOPERATIVE. If, during any fiscal year, the number of covered employees and officers should, through the withdrawal or expulsion of listed entities or attrition, be reduced to below 2,000 covered lives persons, any MEMBER may call a special meeting to discuss the feasibility of continuing the COOPERATIVE in operation until the close of that fiscal year.

If any MEMBER should file a suit against the COOPERATIVE questioning the validity of the Contract and By-Laws document, or should raise the validity of this document in a suit by

the COOPERATIVE and the validity of the Contract and By-Laws document is sustained, that

MEMBER shall pay for the full legal and defense costs of the COOPERATIVE in that suit.

By execution of this Contract and By-Laws document, we do hereby certify that its approval and our membership in the IPBC has been authorized by our governing Board.

DATED: _____

Member

Name:

Title: _____