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**COLLECTIVE LIABILITY INSURANCE COOPERATIVE
[CLIC]**

**SEVENTH AMENDED AND RESTATED
INTERGOVERNMENTAL COOPERATIVE AGREEMENT**

Dated: December 8, 2016

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**COLLECTIVE LIABILITY INSURANCE COOPERATIVE
[CLIC]**

**SEVENTH AMENDED AND RESTATED
INTERGOVERNMENTAL COOPERATIVE AGREEMENT**

This Seventh Amended and Restated Intergovernmental Cooperative Agreement, (the “Agreement”), dated and effective as of the 8th day of December, 2016 (the “Effective Date”), by and among the Boards of Education, Governing Boards or Controlling Authorities of the school districts and state agencies listed in **Appendix “A”** attached hereto, each of which may be referred to hereinafter as a “Member District” and which, collectively, may be referred to as the “Member Districts” amends, restates and replaces in its entirety the existing Sixth Amended and Restated Intergovernmental Cooperative Agreement by and among the Member Districts.

W I T N E S S E T H:

Whereas, Article VII, Section 10, of the 1970 Constitution of the State of Illinois and the Illinois Intergovernmental Cooperation Act (5 ILCS 220/1 et seq.) provide that school districts and state agencies may contract with one another to perform jointly any activity authorized by law; and,

Whereas, the Illinois Intergovernmental Cooperation Act (5 ILCS 220/3 and 6) provides that school districts and state agencies may contract with each other and may join together for the purpose of establishing self insurance programs; and,

Whereas, the Illinois School Code (105 ILCS 5/1 et seq.) provides that school districts and state agencies shall carry certain types of insurance protection and shall exercise control and supervision of schoolhouses, school grounds and school facilities;

Now, therefore, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Member Districts as set forth in the Appendix agree as follows:

ARTICLE I
Establishment and Purposes of the Cooperative

1.1 On or about August 1, 1983, a group of school districts established the intergovernmental cooperative known as the Collective Liability Insurance Cooperative (hereinafter "Cooperative" or "CLIC"), pursuant to the Illinois Intergovernmental Cooperation Act.

1.2 The purposes of the Cooperative are:

- (a)** to jointly provide or obtain casualty, property, worker's compensation, risk management, professional liability, group coverage and other protections so as to effectively manage and contain costs for insurance coverage and related administration; and
- (b)** to establish a program through the Cooperative whereby reserves may be created, so as to assist its members in equalizing annual fluctuations in insurance costs; and
- (c)** to administer, investigate, adjust and process casualty, property, worker's compensation and other claims against the Member Districts for which protection is provided through programs and plans offered by the Cooperative or through a memorandum of coverage, but the Cooperative shall not itself offer, provide or guarantee coverage.

1.3 Nothing herein shall constitute (including without limitation the creation of an Account as defined in Paragraph 2.1 of this Agreement) nor shall participation in the Cooperative constitute the business of insurance within the State of Illinois nor the waiver of any immunities or defenses provided in the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 et seq.) and any other applicable laws to carry out such claim, accident or premium reduction and educational programs as may from time to time be authorized by its Board or Executive Committee.

ARTICLE II

Definitions

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

2.1 ACCOUNT – The Cooperative’s general monetary fund, funded by Annual Payments and other payments from each Member District as described in Article VIII below, and used to pay the Cooperative’s expenses and to maintain one or more Loss Funds for each Fiscal Year.

2.2 ADMINISTRATOR – The individual or entity retained by the Executive Committee to assist the Officers and Executive Committee in their operation of the day-to-day business affairs of the Cooperative, and to carry out the other obligations imposed by contract, in accordance with Paragraph 5.7 below.

2.3 ANNUAL PAYMENT – The amount of money specified by the Administrator or Executive Committee to be due annually from each Member District to fund that Member District’s share of the Account, in accordance with Paragraph 8.3 below.

2.4 BOARD OF REPRESENTATIVES – The collective group of Representatives that serves as the governing body of the Cooperative.

2.5 CHAIR – The Officer who supervises the day-to-day operations of the Cooperative and carries out such other functions as are listed herein, or as may be assigned from time to time by the Executive Committee.

2.6 EXECUTIVE COMMITTEE – A permanent committee consisting of the Executive Committee Members, the Administrator, the Treasurer, and other ex officio participants as may be appointed from time to time, that governs the Cooperative in accordance with this Agreement.

2.7 EXECUTIVE COMMITTEE MEMBER – A Representative elected by the Board to serve, with voting rights, on the Executive Committee.

2.8 EX OFFICIO PARTICIPANT – An individual or entity retained or appointed by the Executive Committee to serve thereon, without voting rights, in accordance with Paragraph 5.2 below.

2.9 FISCAL YEAR – The twelve (12) month period commencing each July 1 and ending the following June 30. Unless otherwise indicated herein, “month” means calendar month, and “day” means calendar day.

2.10 LOSS FUND – A monetary fund established each Fiscal Year and maintained by the Cooperative to pay loss claims that arose in that Fiscal Year, in accordance with Article VIII below.

2.11 MANDATORY INSURANCE COVERAGE – The provisions, insurance protections and programs approved by the Executive Committee for the benefit of the Member Districts that each Member District must maintain during membership in the Cooperative, as discussed in Article VII below.

2.12 OFFICER – A Member elected by the Executive Committee to serve as the Chair, Vice-Chair or Secretary.

2.13 OPTIONAL INSURANCE COVERAGE – The provisions, insurance protections and programs approved by the Executive Committee for the benefit of the Member Districts, that each District annually may in its discretion choose to maintain, as discussed in Article VII below.

2.14 REPRESENTATIVE – An individual chosen by a Member District and reviewed by the Administrator who is currently employed as a Member District’s superintendent,

treasurer, business manager, chief financial officer or other employed management personnel, who will serve on the Board of the Cooperative on behalf of that Member District.

2.15 TREASURER – The individual or entity retained by the Executive Committee to carry out the fiscal and financial business of the Cooperative as directed by the Board or Executive Committee and as may be required by contract.

2.16 VICE-CHAIR/SECRETARY – The Officer who shall carry out all the duties of the Chair in the event that the Chair is absent, unable to act, or refuses to perform the duties of that office; who shall perform such duties as are incident to the office of Secretary; and who shall perform such other functions as are listed herein or as are assigned by the Chair or the Executive Committee.

ARTICLE III **The Board**

3.1 Management. The day to day affairs and activities of the Cooperative shall be managed and carried out by the Executive Committee under the direction of the Board, which shall take all appropriate actions to accomplish the purposes of the Cooperative. The Board may delegate certain duties and authority to the Executive Committee and to others, except as to those matters reserved to the Board by law or this Agreement.

3.2 Matters requiring Board approval.

Matters reserved to the Board shall include the following:

- (a)** Amendments to this Agreement;
- (b)** The annual budget of the Cooperative and any supplements or amendments thereto;
- (c)** The adoption of insurance programs for the Cooperative;
- (d)** Election of the Executive Committee Members;
- (e)** Expulsion of a Member District in accordance with Article XII below;

- (f) Other matters requiring approval of the Board as set forth in this Agreement, or as may be determined by the Board or Executive Committee consistent with the terms of this Agreement and all applicable law.

3.3 Composition

The Board shall consist of one Representative from each Member District. Each Representative shall serve on the Board until removed or replaced by the Member District represented, or until the Representative resigns. A Representative shall be deemed to have resigned from the Board immediately upon no longer being employed by the Representative's Member District for any reason. Each Member District shall notify the Administrator of the name of its Representative. The Administrator shall maintain a current list of all appointed and approved Representatives.

3.4 Regular meetings.

The Board shall meet a minimum of twice per Fiscal Year, ordinarily once in December and once in May. The time, date and location of the Board's regular meetings shall be determined by the Executive Committee.

At the regular meeting ordinarily held in May of each year, the Board shall elect Members of the Executive Committee and carry on such other business as may properly come before the Board.

3.5 Special meetings.

Special meetings of the Board may be called in any of the following ways: 1) by the Chair; 2) by at least two (2) Members of the Executive Committee; or 3) by not less than fifty-one percent (51%) of the Representatives.

Business conducted at a special meeting shall be limited to those items specified in the agenda that must be attached to notice of the special meeting, unless a majority of the Representatives present at the meeting agree to consider a matter not on the agenda.

3.6 Notice of meetings.

The Chair, Vice-Chair/Secretary or others qualified to call a meeting shall give all Representatives and the Administrator no less than three (3) business days prior written notice of regular or special Board meetings. Notice of any special meeting shall include an agenda specifying the purpose of and business matters to be addressed at the special meeting.

3.7 Quorum.

A majority of the Representatives represented in person or by proxy shall constitute a quorum at any meeting of the Board.

3.8 Voting.

Except as otherwise provided in this Agreement, if a quorum is present, the affirmative vote of a simple majority of the Representatives present at a meeting, shall be sufficient to approve all matters properly before the Board. Each Representative shall be entitled to one vote on Board matters. No Member of the Executive Committee shall be entitled to any greater vote on Board matters by reason of said position. Representatives may vote by proxy on matters coming before the Board and provided that a written proxy signed by the Representative is submitted to the Chair or the Administrator in advance of the meeting. Only a Representative may vote a proxy at a meeting.

All votes shall be recorded in a manner as directed by the Executive Committee. Voting shall be by voice vote or in any other manner selected by the Board or Executive Committee prior to voting on any matter, unless fifty-one percent (51%) or more Board Representatives or an Executive Committee Member requests a roll call vote, in which case a roll call vote will be taken. Any vote of the Board that requires a greater than majority vote for passage shall be by roll call vote, and in the event that there are any negative votes or abstentions relating to the

authorization of an expenditure of funds, the names of the Representatives so voting shall be specifically noted in the minutes. All Representatives abstaining or present and not voting in the negative shall be listed as having joined the affirmative voice vote on any Board proposition.

3.9 Minutes.

The Vice-Chair/Secretary shall cause to be recorded the minutes of all regular and special meetings of the Board. To the extent required by law, the minutes shall be available to each Representative and a copy provided to each Member District upon request.

3.10 Procedural rules.

The Board and Executive Committee may establish other rules as necessary to govern the procedures for conducting business and voting at Board and Executive Committee meetings. All meetings shall be conducted in accordance with this Agreement and with all applicable law. In the event of a conflict between this Agreement and any applicable law, this Agreement shall be deemed modified to the extent necessary to comply with such law.

ARTICLE IV **The Executive Committee**

4.1 Composition.

The Executive Committee shall consist of a minimum of nine (9) and not more than eleven (11) voting members elected by the Board from among the Representatives at large (“Executive Committee Members”), and one or more ex officio participants, including the Administrator, as may be retained or appointed from time to time by the Executive Committee.

To be eligible to serve as an Executive Committee Member, the Representative’s Member District must participate in both the Property/Casualty and the Worker’s Compensation programs of the Cooperative, and the Representative must meet any other conditions as may be established by the Executive Committee from time to time.

The Executive Committee Members shall be elected by the Board at the regular meeting ordinarily held in May. If, however, an Executive Committee Member should resign, be removed, be unable to serve, or otherwise vacate his/her position, then the remaining Executive Committee Members shall appoint a qualified replacement from among the Representatives at large to serve for the remainder of the departing Executive Committee Member's unexpired term. If the departing Executive Committee Member was also an Officer, the Executive Committee shall replace him/her in accordance with the procedure stated in Paragraph 5.1. Any Executive Committee Member that resigns or is terminated from his/her employment with a Member District shall be deemed to have resigned from the Executive Committee and the Board effective as of the date of such resignation or termination.

4.2 Terms of office.

The term of office for all Executive Committee Members shall be three (3) years. There shall be no limit to the number of consecutive terms that an Executive Committee Member may serve on the Executive Committee. All terms commence on the July 1st next following the meeting at which the Executive Committee Member was elected.

The Executive Committee Members shall serve staggered terms, as determined by the Executive Committee. All Members serving as of the date of this Agreement shall continue to serve for their remaining terms of office.

4.3 Management of the Cooperative.

The Executive Committee shall manage the Cooperative pursuant to direction from the Board, and pursuant to the terms of this Agreement. The Executive Committee shall have full authority to operate and manage the Cooperative unless a matter is specifically reserved for the Board or otherwise directed by the Board.

4.4 Duties of the Executive Committee.

The Executive Committee shall have the duties and authority granted to it by this Agreement or as otherwise delegated to it by the Board, which shall include without limitation the following:

- (a)** To select agents, employees, independent contractors, pool administrators, insurance brokers, claims administrators, attorneys, auditors and such other persons as may be necessary to administer and accomplish the purposes of and to conduct the business affairs of the Cooperative, including enforcement of the provisions of this Agreement and all procedures and protocols adopted for the Cooperative, but neither the Cooperative, the Board, nor the Executive Committee shall have the authority to enter into any collective bargaining agreement;
- (b)** To carry out educational and other programs relating to safety, accident or other claims reduction;
- (c)** To direct the collection of funds from the Member Districts;
- (d)** To direct the payment of funds necessary to conduct the business of the Cooperative;
- (e)** To cause to be purchased property/casualty, liability, excess and other types of casualty, worker's compensation, professional or other insurance coverages as recommended to the Board or Executive Committee by the Administrator, or as the Executive Committee or Board may determine are appropriate and within the purposes of this Agreement;
- (f)** To recommend changes in Cooperative policies, procedures or agreements;
- (g)** To determine the compensation for all Cooperative agents, employees and independent contractors;
- (h)** To admit new Member Districts to the Cooperative property/casualty and worker's compensation programs;
- (i)** To recommend the expulsion of a Member District in accordance with the provisions herein;
- (j)** To prepare and submit to the Board for approval an annual budget for the Cooperative;
- (k)** To prepare and submit periodically to each Member District, a loss summary for each insurance program in which the Member District participates;

- (l) To obtain and furnish annually to each Member District, an audited report of the financial affairs of the Cooperative, made by a certified public accountant at the end of each Fiscal Year in accordance with generally accepted auditing principles;
- (m) To procure fidelity and/or surety bonds for employees or others, as required by this Agreement or by law;
- (n) To recommend to the Board the removal of Officers or Executive Committee Members where such Officers or Members have engaged in fraud, criminal activity or other conduct clearly detrimental to the interests of the Cooperative as determined by the Executive Committee in its sole discretion;
- (o) To elect Officers and, when necessary, to appoint temporary Executive Committee Members to serve on the Executive Committee;
- (p) To carry out the specific activities enumerated in this Agreement which are not otherwise reserved to the Board;
- (q) To pursue other collection activities, including subrogation, for the benefit of the Cooperative;
- (r) To establish other committees to assist in the operation of the Cooperative;
- (s) To transfer funds between the annual loss funds in order to offset potential deficiencies;
- (t) To decide on the close out and/or distribution of surplus funds to Member Districts from the annual loss funds;
- (u) To carry out all other activities as are necessary to effectuate the purposes of the Cooperative and as are consistent and in accordance with applicable law.

4.5 Meetings.

The Executive Committee shall meet as often as it deems necessary to conduct the business and to carry out the obligations of the Cooperative, but such meetings shall be held at least once quarterly. Upon a minimum of three (3) business days written notice to the Executive Committee and Administrator, a meeting may be called by the Chair or by at least (2) of the Executive Committee Members, and the time, date, and location of Executive Committee meetings shall be determined by the Executive Committee or by the Chair.

4.6 Quorum.

A majority of the then sitting Executive Committee Members represented in person or by proxy shall constitute a quorum at any meeting of the Executive Committee.

4.7 Voting.

If a quorum is present, the affirmative vote of a simple majority of the Executive Committee Members present at a meeting, shall be sufficient to approve all matters properly before the Executive Committee. Each Executive Committee Member shall be entitled to one vote on all matters coming before the Executive Committee. An Executive Committee Member may vote by proxy on all matters coming before the Executive Committee provided that a written proxy signed by such Member is submitted to the Chair or the Administrator in advance of the meeting.

All votes shall be recorded in a manner as determined by the Executive Committee. Voting shall be by voice vote or in any other manner selected by the Executive Committee prior to voting on any matter, unless an Executive Committee Member requests a roll call vote, in which case a roll call vote shall be taken. Any vote of the Executive Committee that requires a greater than majority vote for passage shall be by roll call vote, and in the event that there are any negative votes or abstentions relating to the authorization of an expenditure of funds, the names of the Executive Committee Members so voting shall be noted in the minutes. All Executive Committee Members present and not voting in the negative or abstaining shall be listed as having joined the affirmative voice vote on any Executive Committee proposition.

4.8 Minutes.

The Vice-Chair/Secretary shall cause to be recorded the minutes of all Executive Committee meetings. To the extent required by law, the minutes shall be available to each Representative and a copy provided to each Member District upon request.

4.9 Procedural Rules.

The Executive Committee may establish other rules as necessary to govern the procedures for conducting business and taking votes at Executive Committee meetings. All meetings shall be conducted in accordance with this Agreement and with all applicable law. In the event of a conflict between this Agreement and any applicable law, this Agreement shall be deemed modified to the extent necessary to comply with such law.

ARTICLE V **Officers and Ex Officio Participants of the Executive Committee**

5.1 Officers.

The Officers of the Cooperative shall be the Chair and the Vice-Chair/Secretary, and such other Officer positions as the Executive Committee may create from time to time. The Officers shall be elected by the Executive Committee from among the qualified Representatives at an Executive Committee meeting. Each Officer shall serve for a three (3) year term. There shall be no limit to the number of consecutive terms that an Officer may serve.

If an Officer position became vacant for any reason before the end of a term the Executive Committee shall select a qualified replacement Officer from among the remaining Executive Committee Members or, if no Executive Committee Member wishes to replace the Officer, from among the qualified Representatives at large to fill the vacated position for the remainder of the unexpired term.

5.2 Ex Officio Participants On The Executive Committee.

The Treasurer and Administrator shall serve as ex officio participants on the Executive Committee, subject to the limitations in this Article V. The Executive Committee may establish other ex officio positions on the Executive Committee and may select a Representative or retain an individual unaffiliated with the Cooperative to serve in any such additional positions. No ex officio participant on the Executive Committee shall be entitled to vote on any issue before the Board or Executive Committee unless that person is also a Representative. The Treasurer, Administrator and any other ex officio participants shall serve on the Executive Committee for such time as may be designated by the Executive Committee.

5.3 Chair.

The Chair shall supervise and control the day-to-day operations of the Cooperative and shall carry out the purposes of the Cooperative as directed by the Board or Executive Committee.

The Chair shall have the duty and the authority:

- (a) To preside over all meetings of the Board and the Executive Committee at which the Chair is present;
- (b) To sign on behalf of the Cooperative any instrument which the Board or Executive Committee has authorized to be executed;
- (c) To make recommendations regarding policy decisions, the creation of other Cooperative offices, the creation of standing or temporary committees, and the employment of agents, employees, independent contractors and others necessary to the operation of the Cooperative;
- (d) To authorize the preparation of a proposed annual administrative budget for the Cooperative;
- (e) To direct the Treasurer, within the constraints of the approved budget, to make distributions from the Account for payment of premiums, claims and expenses and any other administrative expenses of the Cooperative;
- (f) Direct the Treasurer to present a full report of the fiscal condition of the Cooperative at each regular meeting of the Board, and at such other times as requested to do so by the Board or Executive Committee;

- (g) To recommend to the Treasurer to make transfers between the Annual Loss Funds;
- (h) To perform all other duties incidental to the office of Chair as such duties may be prescribed by the Board or Executive Committee from time to time consistent with this Agreement and any applicable law.

5.4 Vice-Chair/Secretary.

The Vice-Chair/Secretary shall carry out all the duties of the Chair of the Executive Committee during the absence, inability, or refusal of the Chair to perform such duties, and shall carry out such other functions as are assigned from time to time by the Chair or the Executive Committee. The Vice-Chair/Secretary shall also have the authority and duty:

- (a) To cause minutes to be prepared and to record all votes at the meetings of the Board and Executive Committee;
- (b) To furnish all notices and copies of meeting minutes as required by this Agreement or by applicable law;
- (c) To assist the Administrator as the custodian of the Cooperative's records; and
- (d) To perform all other duties incident to the Office of Vice Chair/Secretary as such duties may be prescribed by the Board or Executive Committee from time to time consistent with this Agreement and any applicable law.

5.5 Treasurer.

The Executive Committee shall retain an individual or entity to serve as Treasurer of the Cooperative, who shall carry out the fiscal and financial business of the Cooperative as directed by the Board or Executive Committee, and as required by contract. The Treasurer shall sit on the Executive Committee and, if also an Executive Committee Member, shall have voting rights on matters coming before the Executive Committee. Where the Treasurer is not also an Executive Committee Member, the Treasurer shall serve as an ex officio participant with no voting rights on any matter coming before the Board or Executive Committee.

The Treasurer shall have the authority and the duty:

- (a) To sign on behalf of the Cooperative any instrument which the Board or Executive Committee have authorized to be executed;
- (b) To prepare a proposed annual administrative budget, with the assistance of the Chair and Administrator;
- (c) To present a full report of his/her activities and the fiscal condition of the Cooperative at each regular meeting of the Board, and at such other times as requested by the Board or Executive Committee;
- (d) To have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (e) To receive and give all receipts for monies due and payable to the Cooperative from any source whatsoever;
- (f) To 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 Board or Executive Committee;
- (g) To establish accounts and letters of credit at such banks or other depositories as shall be selected by the Board or Executive Committee;
- (h) To invest the Cooperative's funds that are not immediately required in such accounts, deposits or securities as the Board or Executive Committee shall specifically or generally select from time to time or as otherwise directed by any Cooperative investment policies;
- (i) To maintain the financial books and records of the Cooperative;
- (j) To disburse and/or to transfer Cooperative funds pursuant to this Agreement, with a full report made to the Executive Committee;
- (k) To invest the funds of the Cooperative, from time to time, in accounts and with institutions regularly permitted for school districts in the State of Illinois or as set forth in any Cooperative investment policy that may be adopted or amended from time to time;
- (l) To perform all duties incident to the Office of Treasurer and such other duties as may be prescribed by the Board or Executive Committee from time to time consistent with this Agreement and any applicable law.

5.6 Acting as Treasurer.

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

5.7 Administrator.

The Executive Committee shall engage an Administrator, which may be an individual or an entity, but which may not be a Representative. The Administrator, or if an entity, its representative, shall sit on the Executive Committee as an ex officio participant without voting rights on any matter coming before the Board or Executive Committee.

The Executive Committee shall enter into a written contract with the Administrator requiring the Administrator to perform the duties incident to that office, which shall include the following:

- (a) To report monthly to each District all claims filed and pay-outs made for or on behalf of that District;
- (b) To propose and submit to the Executive Committee an annual insurance cost budget for the Cooperative;
- (c) To make recommendations to the Executive Committee regarding policy matters, the creation of other Cooperative offices and committees, and changes in procedures of the Cooperative;
- (d) To present a full report of the activities of the Administrator at each regular meeting of the Board and each meeting of the Executive Committee, and at such other times as requested to do so by the Board or Executive Committee;
- (e) To make recommendations to the Executive Committee and Board regarding insurance coverages, risk administration, allocations and charges to Member Districts, transfer of funds between the annual loss funds, annual loss fund close-out, surplus funds distributions and other fiscal matters affecting or affected by the operations of the Cooperative;
- (f) To serve as custodian of the records of the Cooperative;

- (g) To recommend to the Executive Committee the admission of Member Districts to the Property/Casualty and Worker's Compensation Programs;
- (h) To perform such other activities as may from time to time be prescribed by the Board or Executive Committee, or pursuant to the Administrator's contract with the Cooperative.

5.8 Bond Requirement.

The Chair, Vice-Chair/Secretary and Treasurer or other individual appointed to perform the duties of the Treasurer, as provided in Paragraph 5.6, shall, before commencing their duties, execute a bond with a surety and/or fidelity company authorized to do business in the State of Illinois, payable to the Cooperative and conditional upon the faithful discharge of his/her duties. The limit of the bond for the appointed Treasurer shall be in an amount established by the Executive Committee and shall be increased or decreased from time to time whenever, in the judgment of the Executive Committee or the Administrator, such increase or decrease is deemed necessary. The limit of the bond for the appointed Treasurer shall be in the principal amount of not less than twenty-five percent (25%) of the cumulative balance in all Cooperative Accounts as of August 1 of the immediately prior Fiscal Year of the Cooperative. These bonds shall be paid for as an administrative expense of the Cooperative and as determined and approved by the Executive Committee. If an outside entity is retained as Treasurer, then in that event the Treasurer shall execute a surety and/or fidelity bond subject to the same terms governing surety bonds as set forth above.

ARTICLE VI **Compensation and Liability of the Board and Executive Committee**

6.1 Compensation.

No one serving on the Board or Executive Committee shall receive any salary or other compensation from the Cooperative, except for ex officio participants, such as the Administrator

and Treasurer, that are retained by the Executive Committee and are paid under contracts with the Cooperative.

6.2 Expenses.

Subject to review and approval by the Executive Committee, Executive Committee Members may be reimbursed for reasonable expenses incurred on behalf of the Cooperative. Reimbursement for such expenses may include amounts advanced on behalf of the Cooperative either by the Executive Committee Member or by a Member District, and shall be made in accordance with procedures and policies established by the Executive Committee from time to time and consistent with the terms of this Agreement.

6.3 Liability.

The Board and Executive Committee shall use ordinary care and reasonable diligence in the exercise of their authority and in the performance of their duties. They shall not be liable for any mistake or judgment or other action made, taken or omitted by them in good faith; nor for any action made, taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of Cooperative funds or a failure to invest that is in substantial compliance with Cooperative investment policies. No Representative, Member, Officer or ex officio participant of the Executive Committee shall be personally liable for any action taken or omitted in the good faith performance of his/her duties or activities on behalf of the Cooperative. No Representative or Executive Committee Member shall be required to give a bond or other security to guarantee the faithful performance of his/her duties hereunder except as otherwise required by this Agreement or by law. The Cooperative shall purchase insurance coverage in an amount determined by the Executive Committee sufficient to defend and hold harmless any Representative, Executive Committee Member or ex

officio participant serving on the Board or the Executive Committee for actions taken within the scope of their authority when the claim arose.

ARTICLE VII **Insurance Coverage**

7.1 Purchase.

The Cooperative will cause to be purchased insurance or reinsurance from companies licensed and approved by the Illinois Department of Insurance to conduct insurance business in Illinois, in amounts required to meet the obligations and purposes of the Cooperative as established by this Agreement or as approved by the Executive Committee or Board from time to time. It is not the intent of the Cooperative to provide loss protection for any and all uncovered losses a Member District may suffer from year to year.

7.2 Mandatory Coverage.

Every Member District must participate in the Cooperative's Property/Casualty insurance program and such other Mandatory Coverage as the Cooperative may require for all Member Districts. No Member District may participate only in an Optional Coverage program.

7.3 Optional Coverage.

On an annual basis, and subject to other limitations in this Agreement, any Member District participating in the Cooperative may adopt one or more of the Optional Coverages provided by the Cooperative.

7.4 Conditions Upon Optional Coverage Participation.

If a Member District decides to participate in an Optional Coverage program offered by the Cooperative, the Member District must notify the Administrator in writing of any such addition in Optional Coverages not less than one hundred twenty (120) days prior to the last day of each Fiscal Year. No Member District may request or participate in any Optional Coverage

program unless the Member District first participates in the Property/Casualty and any other Mandatory Coverage programs, and unless the Executive Committee approves the Member District's addition of the Optional Coverage.

7.5 Notice To Withdraw From Optional Coverage.

A Member District shall comply with the provisions of Article XI if the Member District wishes to withdraw from any Optional Coverage program.

7.6 Additional Coverage.

Membership in the Cooperative shall not preclude any Member District from purchasing any other additional insurance coverage independent of and in addition to that provided by the Cooperative. The Cooperative shall, where requested, make its resources available to advise Member Districts of the types of additional or different insurance coverage available to Member Districts.

ARTICLE VIII
The Account and Loss Funds

8.1 Under Treasurer's Control.

The Account shall be held and invested by the Treasurer in compliance with all laws, statutes, ordinances and regulations applicable to Illinois school districts, or pursuant to investment policies adopted by the Cooperative from time to time.

8.2 Administrative Expenses Of The Cooperative.

The costs of administering the Cooperative, including but not limited to legal fees, Treasurer's salary and/or fees, costs to fund Loss Funds and operating costs shall be paid out of the Account. It is contemplated that the Account will contain a sufficient amount of funds at all times to pay the administrative expenses of the Cooperative.

8.3 Funding and Administering the Account.

It is contemplated that each Member District's Annual Payment into the Account will be in direct proportion to its pro rata share of insurance costs for Mandatory and Optional Insurance Coverages, or on such other reasonable basis as may be determined appropriate by the Executive Committee and consistent with this Agreement, including necessary and reasonable costs and expenses to operate the Cooperative. Annual Payments by Member Districts of costs and expenses (hereinafter "Contributions") will be determined, and the Account will be administered, in the following manner:

- (a) At least 60 days prior to the start of each Fiscal Year, the Administrator or designated agent of the Cooperative will determine the Member Districts Contributions for the upcoming fiscal year. The factors to be considered in determining a Member District's Annual Contributions may include but are not limited to the following: 1) property values; 2) number of vehicles owned or covered; 3) size of the student body; 4) size and scope of extracurricular activities; 5) Member District budget; 6) claim or loss experience of the Member District; 7) payroll of the Member District; 8) a property appraisal provided by the Member District when becoming a member of the Cooperative not more than seven (7) years old and updated a minimum of every ten (10) years thereafter while the Member District remains a member of the Cooperative; 9) premiums paid by the Cooperative; 10) professional fees; and expenses to operate the Cooperative; 11) miscellaneous expenses determined by the Executive Committee to be necessary and reasonable to operate the Cooperative; 12) such other information as may be reasonably needed and customarily used in the insurance industry for the purpose of evaluating the liability and loss protections for the Cooperative and operations of the Cooperative.
- (b) The Administrator shall recommend and the Executive Committee shall determine how the administrative expenses shall be allocated among the Member Districts consistent with the pro rata sharing of expenses as set forth herein.
- (c) The Board, at least thirty 30 days prior to the start of each Fiscal Year, may approve the recommendations of the Executive Committee regarding the determination of administrative expenses and the manner in which such expenses shall be allocated among the Member Districts.

8.4 Supplementary Payments.

If, during any Fiscal Year, the funds in the Account are insufficient to pay administrative expenses of the Cooperative, the Executive Committee shall require and each Member District shall make a supplementary payment to the Cooperative. Any supplementary payment(s) shall be made in the same proportion as any prior Contribution made by the Member District during the Fiscal Year in which the deficiency occurred. Supplementary payments shall be due from each Member District upon its receipt of notification of the supplementary payment(s) amount due by the Administrator as approved by the Board or Executive Committee. The Cooperative reserves the right at all times to charge interest and/or late fees on any unpaid Contributions or supplementary payments from a Member District, at an interest rate established from time to time by the Board or Executive Committee.

8.5 Establishment of Fiscal Year Loss Funds.

The Cooperative shall establish one or more Loss Funds for each Fiscal Year to pay loss claims that arose in that Fiscal Year. The size of each Loss Fund shall be as recommended by the Administrator, an actuary or an insurer and may be adjusted by the Executive Committee at such times as it deems necessary to protect the best interests of the Cooperative.

8.6 Close-out of Loss Funds and Equity Distribution.

The Cooperative shall continue to track each Loss Fund until such time as claims arising in that Fiscal Year are either barred by any applicable statute of limitations or statute of repose, the claims have all been settled, or the Cooperative believes that no further claim could be brought, at which point the Cooperative, may in its discretion or pursuant to any policy adopted by the Cooperative close out the Loss Fund for that Fiscal Year.

8.7 Return of Equity To Member Districts.

The Cooperative may, at the discretion of the Executive Committee, develop a return of equity policy to declare and return equity to those Member Districts that are still participating in the Cooperative. Member Districts that have withdrawn or have been expelled from the Cooperative prior to the close-out of any Loss Fund or the declared return of equity shall have no right to a return of any equity from that Loss Fund.

ARTICLE IX **Obligations of Member Districts**

9.1 Obligations.

In addition to the other responsibilities of a Member District as set forth in this Agreement, each Member District shall have the obligation:

- (a)** To pay promptly all payments to the Cooperative for the Account at such times and in such amounts as are established within the scope of this Agreement;
- (b)** To select promptly a Representative to serve on the Board and any successors to such Representative;
- (c)** To submit promptly to the Cooperative all claims by or against the Member District in a timely manner or in such other manner as may be prescribed from time to time by the Executive Committee;
- (d)** To cooperate fully with the Administrator, any insurance consultant-claims administrator, the attorneys selected by or engaged by the Executive Committee, claims adjusters, auditors and any agent, employee, Officer or independent contractor of the Cooperative in any matter relating to the purpose and powers of the Cooperative or relating in any way to the claims asserted against any Member District;
- (e)** To act promptly on all matters requiring approval by the Board and not to withhold such approval unreasonably or arbitrarily;
- (f)** To provide an updated physical property appraisal report from an accredited appraiser at such other times as determined by the Executive Committee or the Board to be in the best interests of the Cooperative;

(g) To assure that its Representative reviews and oversees the Member District's compliance with the Cooperative Risk Management Protocols as adopted from time to time, and to comply with all obligations of a Member District as set forth in this Agreement.

9.2 Adjustment Of Physical Property Appraisal.

In the event that a Member District fails to provide a physical property appraisal report according to the provisions in Paragraphs 9.1(f) the Administrator may calculate the Member District's property values using the latest Marshall Swift or other similarly accredited cost of construction factors that are in effect at the time of the adjustment.

9.3 Continuation Of And Consideration For Obligations.

The obligations and responsibilities of the Member Districts as set forth in this Agreement, including the obligation to take no action inconsistent with this Agreement as originally written or validly amended, shall remain a continuing obligation and responsibility of each Member District. The consideration for the duties imposed upon the Member Districts by this Agreement is based upon the mutual promises and agreements of the Member Districts set forth herein and the advantages gained by the Member Districts through reduced administrative costs for the procurement of insurance coverages and other protections the Cooperative may choose to adopt from time to time.

9.4 No Responsibility For The Obligations Of Other Member Districts.

Except to the extent of the financial contributions to the Cooperative that each Member District has agreed to make in this Agreement, no Member District agrees to be responsible for any claims of any kind against any other Member District. This Agreement does not and the Member Districts do not intend to create between the Member Districts any relationship of partnership, surety, indemnification or liability for the debts of or claims against another Member District.

ARTICLE X **Admission of a Member District**

10.1 Application and Admission.

A school district wishing to join the Cooperative must apply on a form prescribed by the Cooperative, must be approved by the Executive Committee, and must be approved by the respective insurance carriers. If its application is approved by the Cooperative and by the respective Board of Education for the applying school district, the school district Board of Education shall ratify this Agreement by executing and delivering to the Cooperative a resolution for membership on a form provided by the Cooperative substantially in the form of **Appendix “C”** attached hereto. Upon execution of the resolution for membership and its receipt by the Cooperative, the school district shall be admitted into the Cooperative as a Member District, effective as of the date of the Member District’s application.

10.2 Mandatory Three-Year Participation In Cooperative.

Upon admission, a new Member District shall be required to maintain Mandatory Coverage in the Cooperative for a minimum period of three (3) consecutive years, unless the Cooperative is terminated prior to the expiration of such period. Any Member District that joins the Cooperative after July 1, but before January 1 of the Fiscal Year, shall be allowed to apply that time in the Cooperative toward the first year of their three (3) year initial commitment. Any Member District that joins the Cooperative between January 2 and June 30 of the Fiscal Year may not apply that time in the Cooperative to the first year of the three (3) year initial commitment. This commitment is required regardless of the term of any coverage plan provided through the Cooperative.

Nothing in this Paragraph shall be construed to limit the power of the Cooperative, under Article XII, to expel a Member District that has not yet participated for three years in the Cooperative.

ARTICLE XI **Withdrawal of a Member District**

11.1 Process of Withdrawal.

Withdrawing from Mandatory Coverage shall constitute withdrawal from all Cooperative programs, and therefore withdrawal from the Cooperative itself. Withdrawing from an Optional Coverage program does not mean withdrawal from any other program or from the Cooperative itself, but the same process applies to withdrawal from any coverage program. Subject to the limitations of Paragraphs 11.2 & 11.3, a Member District may withdraw from Mandatory Coverage/the Cooperative or from any Optional Coverage only upon the following terms:

- (a)** The Member District must provide written notice of the Member District's decision to withdraw ("Notice of Withdrawal") to the Administrator of the Cooperative;
- (b)** The Notice of Withdrawal must be delivered to the Administrator or Chair not less than one hundred twenty (120) days prior to the last day of the then current Fiscal Year, or else the Notice of Withdrawal shall have no effect;
- (c)** The Member District must attach to the Notice of Withdrawal a true and correct copy of the written resolution or written motion adopted by the governing body of the Member District authorizing the Notice of Withdrawal;
- (d)** The Member District must have participated in the coverages from which it is withdrawing for the minimum period required by the provisions in this Agreement;
- (e)** The Notice of Withdrawal must be accepted by the Administrator or the Chair.

If a Member District withdraws from Mandatory Coverage/the Cooperative itself and later wishes to re-join the Cooperative, it must re-apply to the Cooperative as a new member, subject to all of the provisions of this Agreement. If a Member District withdraws from an

Optional Coverage program and later wishes to re-join that program, it must re-apply for that coverage in accordance with Paragraphs 7.3 and 7.4 above.

11.2 Limit on Member District's Ability To Withdraw.

Subject to the limitations set forth in Section 10.2, a Member District shall have no right to withdraw from the Cooperative for a period of thirty-six (36) consecutive months following admission to the Cooperative. Nothing in this Paragraph shall be construed to limit the power of the Cooperative, under Article XII, to expel a Member District that has not yet participated for three years in the Cooperative.

11.3 Effective Date of Withdrawal.

Withdrawal from a coverage program shall be effective as of the first day of the next Fiscal Year following submission and acceptance of a Member District's Notice of Withdrawal, and no withdrawal shall be effective prior to June 30 of any Fiscal Year regardless of the date that the Member District joined the Cooperative, except that the Executive Committee, excluding the vote of any Executive Committee Member from the withdrawing Member District, may shorten the period of time in which the withdrawal shall become effective, if earlier withdrawal will not be detrimental to the Cooperative at the discretion of the Executive Committee.

11.4 Rights and Duties of Cooperative and Withdrawing Member District.

As of the effective date of withdrawal from the Cooperative, the rights and duties of the Cooperative toward a withdrawing Member District and of the withdrawing Member District toward the Cooperative shall be the same as those with respect to a Member District that has been expelled from the Cooperative, pursuant to Article XII.

11.5 Revocation of Notice of Withdrawal.

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

- (a)** The Member District must submit to the Cooperative a request, in writing, to revoke its Notice of Withdrawal;
- (b)** The Member District's request must be submitted prior to February 1 of the Fiscal Year identified by the Notice of Withdrawal as the Member District's last year of participation in the coverage program from which it is withdrawing; and,
- (c)** The Executive Committee must approve the Member District's request in writing.

The Executive Committee may consider any Member District's request to revoke its Notice of Withdrawal. Under no circumstances shall the Executive Committee consider any such request that is submitted on or after February 1 of the Fiscal Year identified in the Notice of Withdrawal as the Member District's last year of participation in the coverage program from which it is withdrawing. If a Member District's request is submitted after this deadline or is otherwise rejected by the Executive Committee, the Notice of Withdrawal shall not be revoked, and the Member District cannot avoid withdrawing from the coverage program that it has specified in its Notice of Withdrawal.

ARTICLE XII **Expulsion of a Member District**

12.1 Grounds For Expulsion.

A Member District may be expelled from the Cooperative whenever the Member District:

- (a)** Fails or refuses to perform any obligation under this Agreement;
- (b)** Fails or refuses to make payments and supplemental payments when due to the Cooperative within forty-five (45) days of admission into the Cooperative or receiving written notice of any payment due; or,

- (c) Carries on activities the Executive Committee deems to be detrimental to the purpose or operations of the Cooperative.

12.2 Right To Notice, Opportunity To Cure And Hearing.

No Member District may be expelled from the Cooperative until the Member District has received each of the following:

- (a) Written notice from the Cooperative identifying the alleged basis for expulsion and approving the expulsion;
- (b) An opportunity to cure the specific basis for expulsion within fifteen (15) days from delivery of the notice; and,
- (c) Only in the limited event of an unsuccessful attempt to cure, the opportunity to be heard before the Executive Committee or its appointee under Section 12.4 below.

12.3 Suspension.

If the conduct of a Member District is deemed by the Executive Committee to be a continuing threat or detrimental to the continued operation of the Cooperative, the Executive Committee may immediately suspend the Member District, pending an expulsion hearing, from all rights and privileges under this Agreement except for the limited right to continue its then current insurance coverages for which it has timely paid all premiums due.

12.4 Hearing.

If a Member District fails to cure the alleged basis for expulsion within the fifteen (15) day notice period and otherwise meets the requirements of paragraph 12.2, the Executive Committee shall set a date for an expulsion hearing, which shall occur not less than ten (10) days after expiration of the time to cure. The Executive Committee shall conduct the hearing or appoint an individual to conduct the hearing who shall make a recommendation to the Executive Committee based upon the individual's findings of fact. The Executive Committee shall then issue a recommendation to the Board either that the Member District be expelled or that it be allowed to remain in the Cooperative.

12.5 Action by the Board.

The Board shall vote whether to expel a Member District at the next regular meeting following the issuance of the Executive Committee's recommendation, or at a special meeting called for that specific purpose. If the Member District whose expulsion is being considered wishes to present its case to the Board prior to the vote at that meeting, it must submit a written request to the Chair within ten (10) days after the Executive Committee issues its recommendation. The Board may limit its consideration of the potential expulsion to the submissions, findings and recommendations from the expulsion hearing, or it may consider supplemental materials from the Member District as it may determine in its sole discretion.

12.6 Vote to Expel.

A Member District may be expelled from the Cooperative by a two-thirds (2/3) vote of the Board. The Representative from the Member District whose expulsion is being voted upon shall not be permitted to vote on matters relating to the Member District's expulsion. If the Board votes to expel a Member District, that expulsion is final immediately upon such vote, and no further appeals are available to the Member District.

12.7 Continuing Obligations of Cooperative and Expelled Member District.

If a Member District is expelled in accordance with this Article XII, it will no longer have any rights or privileges under this Agreement, except for the limited right to continue its then current insurance coverages as provided in this Paragraph 12.7. Provided that the expelled Member District has timely paid all premiums due, such Member District will continue to be insured under any Mandatory Coverage and Optional Coverage plans that it previously purchased for the duration of the plan terms, and the Cooperative shall continue to process claims by or against an expelled Member District for that insurance policy period.

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

After the date when a Member District's expulsion becomes final pursuant to Paragraph 12.6 above, the Cooperative shall take an accounting of the fixed funds and expenses owed by or potentially owing to said Member District as of the date on which the expulsion became final. The expelled Member District shall immediately pay into the Account any amount found to be due and owing. Any amount found to be due and owing to the Member District by the Cooperative, and all funds upon which a claim could be made against the expelled Member District, shall be held by the Cooperative until all such claims or potential claims are terminated. The Executive Committee shall provide a written statement to the expelled Member District through the Administrator, outlining any potential liability for possible future deficits that may occur for the Fiscal Years in which the Member District participated in the Cooperative prior to expulsion. The Cooperative shall have the right to initiate collection proceedings against any Member District for any deficits that may occur for the years that the Member District participated in the Cooperative.

ARTICLE XIII **Termination of the Cooperative**

13.1 Termination events.

The Cooperative shall terminate upon the occurrence of any of the following events:

- (a)** A final determination by a court of competent jurisdiction, after all appeals have been exhausted or time for appeal has expired, that the Cooperative is invalid or contrary to law;
- (b)** The number of Member Districts in the Cooperative is not sufficient to support an insurance Loss Fund at the self-insured retention level established for the Cooperative in the amount as recommended by the Administrator and approved by the Executive Committee for the Cooperative;

- (c) The Board approves, by a two-thirds (2/3) majority vote, a motion to dissolve and terminate the Cooperative.

13.2 Rights And Duties Upon Termination.

Upon termination of the Cooperative, the rights and duties of the Cooperative to each Member District and the rights and duties of each Member District to the Cooperative and to each other shall be the same as those with respect to an expelled Member District except that a Member District remaining when the Cooperative is terminated shall still be entitled to any surplus funds from Loss Funds for years during which it was a Member District of the Cooperative pursuant to Paragraph 8.6. In the event the Cooperative terminates, each Member District shall be individually responsible for its own unfunded losses remaining open at the time of termination.

ARTICLE XIV **Effect of Agreement**

14.1 Adoption of this Agreement.

This Agreement shall be presented to the Board for approval at a regular meeting of the Board. Each of the Member Districts shall be bound by this Agreement immediately upon approval of this Agreement by the Board.

14.2 Continuation of Cooperative.

Neither discussion, approval, nor rejection of this Agreement shall dissolve or terminate the Cooperative. If this Agreement is approved by the Board, the Cooperative shall operate in accordance with this Agreement. If this Agreement is not approved by the Board, the Cooperative shall operate in accordance with the prior agreement.

14.3 Enforcement Of Agreement And Applicable Law.

This Agreement may be enforced in law or equity either by the Cooperative itself or by any Member District. This Agreement shall be enforceable by or against a Member District or

the Cooperative solely in the courts in Illinois having proper jurisdiction and venue of the parties. This Agreement shall be construed solely under the applicable law of the State of Illinois without regard to conflicts of law principles.

14.4 Severability.

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

14.5 Counterparts.

This Agreement, and any amendments hereto, may be executed in any number of separate counterparts, which taken together shall constitute a single instrument.

14.6 Applicability of Agreement.

This Agreement shall be binding on each Member District and any successor Member District thereof.

ARTICLE XV **Miscellaneous**

15.1 Notice and delivery.

Any notice required by this Agreement shall be in writing and shall be deemed to have been delivered when: 1) it is sent to the intended recipient by fax, email, or any other form of electronic communication; 2) it is delivered personally to the intended recipient or its agent designated for receipt of such notice; 3) any other delivery method that is approved by the Board or Executive Committee; or, 4) it is deposited in a United States Post Office and sent by registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

- (a) If to the Cooperative, addressed to the Chair of the Executive Committee at the address of the Member District where the Chair is employed or addressed to the Administrator.
- (b) If to a Member District, addressed to the Representative for that Member District at the address provided to the Cooperative; or to the principal office of the Member District's administration/superintendent.

15.2 Headings.

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

15.3 Updating List of Participating Member Districts in Appendix “A”

Upon the admission, withdrawal or expulsion of a Member District, the Executive Committee shall amend **Appendix “A”** to reflect said change, and shall make the updated **Appendix “A”** available to each Representative and Member District upon request. The updated list shall be attached to and made a part of this Agreement and shall automatically replace the prior **Appendix “A”** without need for an amendment to this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned, a duly authorized officer of the Collective Liability Insurance Cooperative, do hereby certify and affirm that the Seventh Amended and Restated Intergovernmental Cooperative Agreement was approved by the Board at a meeting held on December 8, 2016.

By: WILLIAM HARKIN
Signature William Harkin

Printed Name: WILLIAM HARKIN

Title: Chief Officer

Date: 12-8-2016