

CITY OF BATAVIA  
100 N. Island Avenue  
Batavia, IL 60510  
(630) 454-2000 <http://www.cityofbatavia.net>

CITY COUNCIL AGENDA  
Monday, August 15, 2016

7:30 p.m. – Council Chambers 1st Floor

1. MEETING CALLED TO ORDER
2. INVOCATION Followed By PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. ITEMS REMOVED/ADDED/CHANGED
5. RECOGNITION: William R. McGrath - 18 Years Of Service As City Administrator
6. RECOGNITION: Loyalty Day Parade Award Winners
7. MATTERS FROM THE PUBLIC: (For Items NOT On The Agenda)
8. MAINSTREET MINUTE
9. APPOINTMENT: Appoint City Administrator Laura Newman To The Fire Pension Board (JDS 8/12/16)

Documents:

[Appoint Fire Pen Brd.pdf](#)

10. PRESENTATION: Recognize Tom Maggio And Sherry Lauterbach For Streambank Improvement (Andrea Podraza 8/10/16)

Documents:

[Recognition Marshall Ct restoration.pdf](#)

11. PRESENTATION: Batavia ACCESS (Community Dinner) To Present Check To Batavia Food Pantry (Martin Callahan)
12. ORDINANCE 16-48: Authorizing Execution Of A Purchase And Sale Agreement With JOL Joint Living Trust For The Purchase Of Property, 121 E. Wilson Street (Chris Aiston 8/3/16 COW 8/9/16 9/3) GS

Documents:

[ORD 16-48 Purchase of Real Prop.pdf](#)

13. ORDINANCE 16-54: Authorize The Acceptance Of The Contract And By-Laws Of The Intergovernmental Personnel Benefit Cooperative And Authorizing Membership In The IPBC By The City Of Batavia (Wendy Bednarek 8/15/16)

Documents:

[ORD 16-54 Authorizing Membeship in IPBC.pdf](#)

14. **APPROVAL: Class G Liquor Licenses For The Batavia Block Party To Include The Following: Pal Joeys, El Taco Grande, The Range Grill & Tap, Gammon Coach House And Wilson Street Tavern (Chf. Schira 8/10/16) GS**

Documents:

[Class G-Batavia Block Party.pdf](#)

15. **APPROVAL: Class G Liquor License – Pal Joeys – Half Marathon (Dep. Chf. Eul 8/11/16) GS**

Documents:

[Class G Pal Joey Marathon.pdf](#)

16. **APPROVAL: Class F Liquor License For Water Street Studios, House Walk After Party On 09/25/16 (Chf. Schira 8/10/16) GS**

Documents:

[WSS House Walk.pdf](#)

17. **ADMINISTRATOR'S REPORT**

18. **COMMITTEE REPORTS**

19. **OTHER BUSINESS**

20. **MAYOR'S REPORT**

21. **EXECUTIVE SESSION:**

- a. Purchase and Sale of Electric Power

22. **ADJOURNMENT**

Individuals with disabilities should notify the City Administrator's office at 630-454-2053 if they have a disability which will require special assistance or services and, if so, what services are required. This notification should occur as far as possible before the City-sponsored function, program, or meeting.

# CITY OF BATAVIA

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TO: Aldermen and Department Heads  
FROM: Jeffery Schielke, Mayor  
DATE: August 12, 2016  
SUBJECT: Appointment to Fire Pension Board

As per 40 ILCS 5/4-121, the Mayor shall appoint two (2) members to the Board of Trustees of the municipality involved. Each appointed member of the Board shall hold office for a term of three (3) years. The former city administrator held a position on the Fire Pension Board and with his retirement we need to appoint a new board member. I propose to appoint our new city administrator Laura Newman to this position.

I respectfully request that you approve the appointment of Laura Newman as a trustee to the Batavia Fire Pension Board for a term of three years at the August 15, 2016 City Council Meeting. If you have any questions, do not hesitate to contact me.

# CITY OF BATAVIA

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**DATE:** August 10, 2016  
**TO:** City Council  
**FROM:** Andrea M. Podraza, P.E., CFM, Senior Civil Engineer  
**SUBJECT:** 701 Marshall Court – Streambank Restoration Resident Recognition

**Summary:** Ms. Sherry Lauterbach and Mr. Tom Maggio are long term residents of the City of Batavia and live along Mahoney Creek. Ms. Lauterbach and Mr. Maggio felt it was important to improve Mahoney Creek along their property as the creek was eroding away their property. They did not want to continue losing property since once the land (soil) “disappears” it cannot be replaced per the U.S. Army Corps of Engineers, because then it would be placing fill in the floodplain.

Ms. Lauterbach and Mr. Maggio retained an engineer with whom the City of Batavia’s Engineering Division worked closely with and reviewed plans and permits for the improvements. Ms. Lauterbach and Mr. Maggio also reached out to the City to find out if any grants or assistance was available, however the City did not have any type of assistance at that time. Some alternatives were suggested, but it was also important to them so they continued to move forward all on their dime. Once all approvals were granted, they started construction and stabilized the creek.

With so many miles of creeks in Batavia, all having different type of easement languages over the different stretches of the creek, but a majority being owned by the property owner, the City would like to recognize these homeowners for going the extra distance to protecting the waterway. As already mentioned Sherry & Tom paid for all improvements, including design and permitting, plants, gabions, fabric, seed and other materials on their own. They installed over 500 plugs as well as large boulders for stabilizing. All these improvements cost roughly \$50,000.

The City of Batavia would like to recognize and thank Sherry Lauterbach & Tom Maggio for this large undertaking, your efforts have not gone unnoticed.

# 701 Marshall Court

Mahoney Creek Streambank Stabilization

Sherry Lauterbach & Tom Maggio

Fall 2015

# Before



Looking upstream at turning point



Looking downstream at turning point



Looking downstream in backyard



Filling in erosion prone area with stones

# Existing Conditions



CREEK EROSION PHOTO A



CREEK EROSION PHOTO B



CREEK EROSION PHOTO C



CREEK EROSION PHOTO D



REVISIONS	

6441 1/2 S. 11th St.  
 Peoria, IL 61614  
 309.673.9999  
 www.wolfpack.com

Wolf Pack  
 Land & Survey Services  
 Surveying • Mapping • GIS

CALLISTO, SHERIDAN, SHANNON, CHENIERE

**CivWorks Consulting, LLC**  
 2027 W. 117TH AVENUE, SUITE 200, CHICAGO, IL 60648  
 773.487.8800  
 www.civworks.com

PLANS PREPARED FOR:

**PROPERTY OWNERS**  
 701 MARSHALL COURT  
 BATAVIA, IL 60103

**EXISTING CONDITIONS**  
**MAHONEY CREEK RESTORATION**  
 701 MARSHALL COURT, BATAVIA, IL

PROJ. NAME: C2.0  
 PROJ. ENG: [blank]  
 DRAWN BY: [blank]  
 DATE: 04-23-2014  
 SCALE: 1"=10'

SHEET NO.  
**C2.0**

PROJ. NUMBER: 14004

PENDING APPROVAL - NOT FOR CONSTRUCTION

# Scope of work for Streambank Stabilization

- Solicit & select engineering firm to design and obtain necessary permits
- Determine limits of improvement
- Determine methods for stabilization
- Prepare plans
- Obtain engineering approvals through City, Army Corps & Kane DuPage Soil & Water Conservation District
- Construct
- Ongoing Maintenance

# During



Gabion basket,  
large boulders &  
native plant  
installation





# After – at bend



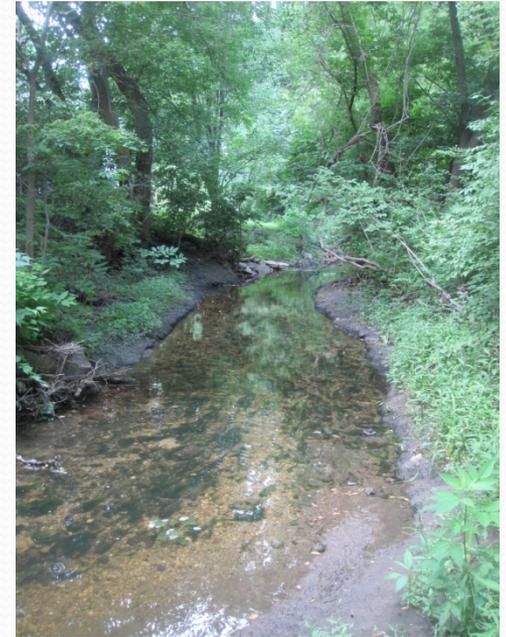
## After – behind house



## After – Summer 2016



At bend



Behind  
yard



# Project Costs for Streambank Stabilization

- Engineering design & construction management \*
- Army Corps Permit fee \*
- Kane DuPage Soil & Water Conservation fee \*
- Labor ~ \$15,000 - \$20,000
- Boulders ~ \$10,000

**OVERALL TOTAL ~ \$50,000** (\* costs not known)

# CITY OF BATAVIA

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**DATE:** August 3, 2016  
**TO:** Committee of the Whole-CD  
**FROM:** Chris Aiston, Economic Development Consultant

**SUBJECT: CONSIDERATION OF ORDINANCE NO. 16-48, APPROVING AND AUTHORIZING THE ACQUISITION OF THE REAL PROPERTY LOCATED AT 121 E. WILSON STREET BATAVIA, IL**

Please find attached Ord. No. 16-48, Approving and Authorizing the Acquisition of Real Property Located at 121 E. Wilson Street, Batavia, IL

## **Background**

For the past several months, City Staff and City Attorney have been negotiating the purchase of the real estate at 121 E. Wilson Street (“Frydendall Property”). The City’s purchase of this property (and ultimately removing all existing structures located thereon) is required by the proposed TIF Redevelopment Agreement between the City of Batavia and 1 N. Washington, LLC and will advance the planned redevelopment of the former First Baptist Church and its surrounding properties.

After lengthy negotiations, on or about June 30<sup>th</sup>, the parties reached an agreement on the following pertinent terms:

1. Purchase Price: \$195,000.00 (One Hundred and Ninety Thousand Dollars and No Cents).
2. Earnest Money Deposit: Purchaser City will pay \$5,000.00 to Seller, JOL Joint Living Trust as non-refundable “earnest money”. This amount will be applied to the purchase price at closing.
3. Closing Date: Thirty days from “effective date” of contract (as signed on July 18, 2016). Closing Date is therefore August 17, 2016.
4. Possession Date: Six months from Closing date, or February 17, 2017. On this date, City and/or its affiliates, as designated in writing, shall possess property free and clear.
5. Other Costs to City:
  - a. Title Insurance, Escrow and related closing fees (approximately \$5600.00);
  - b. Phase I Environmental Assessment (to be conducted at City’s option);
  - c. Seller’s Attorneys Fees in the amount of \$2,500.00; and
  - d. Seller’s Moving Expenses in the amount of \$5,000.00.

## **Analysis**

The property owner had not publicly offered his property for sale, either personally or through a real estate broker. It is generally understood when both parties are acting in their own self interest and not subject to any pressure or duress from the other party, the seller will not sell his property for less than what he believes the fair market value to be, nor would the buyer pay more than what he believes the fair market value to be. In the end, usually a compromise is met and the two parties reach an agreed price, which essentially establishes the real fair market value.

This purchase and sale, however, is not an “arm’s length transaction”. In real estate parlance, an arm's length transaction is one where the buyer and seller are acting independently, in their own self interest, are motivated to sell and buy *and are not subject to any pressure or duress from the other party*. In this case, as previously stated, the subject property was not offered for sale by ownership, and the seller was not motivated to sell. It was the City, as prospective buyer, that approached ownership to offer to buy the real estate, motivated by a need to control the real estate and thereby possibly facilitate a comprehensive redevelopment project involving this property and considerably more property surrounding it. Because of the specific location of the property in question, critical to the proposed redevelopment plan, it became apparent to both parties that the City’s motivation (and possible special legal authority) to acquire the land exceeded the seller’s motivation to sell it, if any such motivation existed at all when the City approached the seller in this matter.

The above described conditions resulted in the City agreeing to pay an amount that likely exceeds the true fair market value for an arm’s length transaction. In this case, the value of the property to the City, in the opinion of the staff, far outweighs the fair market value because this parcel is necessary for the redevelopment of the City-owned properties surrounding this property, and the property owned by the City could not be redeveloped without it. The redevelopment will accomplish many goals that will benefit the public like adding parking to the downtown, bringing additional residents into the downtown, bringing additional business and commercial activity into the downtown and exponentially increasing the tax base. These public benefits make the acquisition of the property, even at something greater than fair market value, beneficial to the City and the public.

### **Budget Impact**

The City has sufficient funds in its General Fund Reserve Account to meet the financial obligations of the proposed purchase, as set forth above.

### **Recommendation**

Staff recommends the Committee of the Whole move to City Council consideration with a positive recommendation for Ordinance 16-48, Authorizing Execution of a Purchase and Sale Agreement with JOL Joint Living Trust for the Purchase of Property, Common Address 121 E. Wilson Street

Attachments:

Ordinance 16-48, Approving and Authorizing the Acquisition of Real Property Located at 121 E. Wilson Street, Batavia, IL; “Purchase and Sale Agreement”.

CC: Mayor Schielke; Laura Newman; Kevin Drendel; Department Heads

**CITY OF BATAVIA, ILLINOIS  
ORDINANCE 16-48**

**APPROVING AND AUTHORIZING THE ACQUISITION OF THE REAL PROPERTY  
LOCATED AT 121 E. WILSON STREET BATAVIA, IL**

**ADOPTED BY THE  
MAYOR AND CITY COUNCIL  
\_\_\_ DAY OF \_\_\_\_\_, 2016**

Published in pamphlet form  
by authority of the Mayor  
and City Council of the City of Batavia,  
Kane & DuPage Counties, Illinois,  
This \_\_\_ day of \_\_\_\_\_, 2016

Prepared by:  
  
City of Batavia  
100 N. Island Ave.  
Batavia, IL 60510

**CITY OF BATAVIA, ILLINOIS  
ORDINANCE 16-48**

**APPROVING AND AUTHORIZING THE ACQUISITION OF THE REAL PROPERTY  
LOCATED AT 121 E. WILSON STREET BATAVIA, IL**

**WHEREAS**, the City staff has identified the property at 121 E. Wilson Street in the City of Batavia, IL, as property that is necessary for acquisition for the redevelopment of property owned by the City that is surrounding the 121 E. Wilson Street property for the purpose of public parking, for residential uses and for commercial uses, all of which will increase the tax base of the City, bring increased foot traffic to the downtown that will benefit the existing business and bring new business into the downtown area, and strengthen, conserve and revitalize the downtown area, all to the benefit of the public; and,

**WHEREAS**, City staff have negotiated a real estate Purchase and Sale Agreement for the property located at 121 E. Wilson Street (the “Property”), a copy of which is attached hereto and incorporated herein by reference as Exhibit “A” that is signed by the property owner on July 18, 2016 (“Agreement”); and

**WHEREAS**, the Mayor and City Council members have determined that the acquisition of the Property is beneficial to the City and the public.

**NOW THEREFORE, BE IT HEREBY ORDAINED** by the Mayor and City Council of the City of Batavia, Kane and DuPage Counties, Illinois, as follows:

**SECTION 1.** The Agreement attached as Exhibit A is hereby approved, and the signature of the City Administrator is hereby affirmed and ratified.

**SECTION 2.** The City Administrator, the City Attorney and/or their designees are hereby authorized and directed to take all actions necessary and appropriate to close the transaction and to acquire title to the Property pursuant to the terms and conditions of the Agreement.

**SECTION 3.** This Ordinance shall be in full force and effect upon its presentation, passage and publication according to law.

**PRESENTED** to and **PASSED** by the City Council of the City of Batavia, Illinois, this 15<sup>th</sup> day of August, 2016.

CITY OF BATAVIA, ILLINOIS ORDINANCE 16-\_\_\_\_

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**APPROVED** by me as Mayor of said City of Batavia, Illinois, this 15<sup>th</sup> day of August, 2016.

\_\_\_\_\_  
Jeffery D. Schielke, Mayor

Ward	Aldermen	Ayes	Nays	Absent	Abstain	Aldermen	Ayes	Nays	Absent	Abstain
1	O'Brien					Fisher				
2	Callahan					Wolff				
3	Hohmann					Chanzit				
4	Mueller					Stark				
5	Botterman					Thelin Atac				
6	Cerone					Russotto				
7	McFadden					Brown				
Mayor Schielke										
<b>VOTE:</b> ____ Ayes    ____ Nays            ____ Absent            ____ Abstentions Total holding office: Mayor and 14 aldermen										

ATTEST:

\_\_\_\_\_  
Christine Simkins, Deputy City Clerk

## PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into June 30, 2016 (or such later date that Purchaser receives a fully executed copy of this Agreement) by and between **JOL JOINT LIVING TRUST** ("Seller"), and **CITY OF BATAVIA, AN ILLINOIS MUNICIPAL CORPORATION** ("Purchaser"). The last of the dates that this Agreement is signed by the Seller or the Purchaser shall be considered the Effective Date of this Agreement.

### RECITALS:

A. Seller is the fee owner of the Property (hereinafter defined), commonly referred to as 121 E. Wilson St., Batavia, Illinois and the owner of the Personal Property (hereinafter defined and, together with the Property, collectively referred to herein as the "Property" described below).

B. Seller desires to sell, and Purchaser desires to purchase, the Property upon and subject to the terms and conditions hereinafter set forth.

C. The parties agree that Purchaser is a home rule Illinois Municipal Corporation with the authority to purchase real property through the exercise of eminent domain, that the sale of the Property by Seller to Purchaser is not at arm's length, is in response to Purchaser's stated intention to exercise its eminent domain powers to acquire the Property from Seller if an Agreement such as this were not created, and that Seller is not a willing seller.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the foregoing recitals, the mutual covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser hereby agree as follows:

#### Section 1. Purchase and Sale of the Property.

a. **Purchase Price.** Subject to and in accordance with the terms and conditions contained in this Agreement, Seller agrees to sell, assign, convey, and transfer to Purchaser all Seller's right, title, and interest in and to the "Property" (as hereinafter defined), and Purchaser hereby agrees to purchase the Property for One Hundred Ninety-Five and No/100 Dollars (\$195,000).

b. **Earnest Money Deposit.** Upon execution of this Purchase and Sale Agreement, Purchaser shall tender to Seller an earnest money deposit in the amount of Five Thousand and No/100 Dollars (\$5,000) which shall be non-refundable, except as provided in Sections 2.b, 10.d and 10.e below. In the event that Purchaser closes on its purchase of the Property, the amount of the earnest money deposit shall be applied against the purchase price.

c. **Personalty.** All personal property, if any, owned by Seller and located on or in the Property (the "Personalty") shall be removed by Seller prior to the Possession Date defined in Section 2.b.

d. **Appurtenances.** All rights, privileges and easements appurtenant to the Property, all development rights, water rights, mineral rights, and air rights relating to the Property, and any and all easements, rights-of-way and other appurtenances used in connection with the beneficial use and enjoyment of the Property ("Appurtenances") shall transfer to Purchaser upon Closing.

e. **Awards.** All right, title, and interest to any unpaid awards for damages to the Property resulting from any casualty, taking in eminent domain, or by reason of change of grade of any street accruing after closing of the purchase and sale pursuant to this Agreement shall transfer to Purchaser.

f. **Legal Description.** See attached Exhibit A.

#### Section 2. Closing Date; Possession; Termination.

**a. Closing Date.** The "Closing" of the transaction contemplated hereby shall occur within thirty (30) days after the Effective Date (the "Closing Date"). The Closing shall take place through escrow ("Escrow") on the Closing Date at the offices of Chicago Title Insurance Company, 1795 IL-38, Geneva, IL 60134 (the "Title Insurer"). Possession of the Property shall be delivered to Purchaser on the date that is six (6) months from the Closing Date ("Possession Date") free and clear of the rights of all third parties, excepting Purchaser and/or affiliates of Purchaser identified by Purchaser in writing.

**b. Right to Retain Possession.** Seller's right of possession shall terminate on the Possession Date. Seller shall not have to pay rent to Purchaser, nor be responsible for any real property taxes that might arise for the period following Closing, but shall be responsible for payment of all utilities associated with the Property. Seller shall maintain liability insurance on the Property and name the City as a co-insured under said policy in a minimum amount of \$1,000,000. Seller also agrees to indemnify and hold Purchaser harmless from any claims or damages, including costs of defense, related to the Property and arising during the period of time from the date of Closing until Sellers transfers possession to the Purchaser. Seller shall remove all personal property desired by Seller prior to the date for transfer of possession, and that any such property remaining on or within the Property after that date shall be the property of the Purchaser to do with it as it wishes. Seller shall have no claim against the City for loss due to Seller having left any personal property on or within the Property following the date for transfer of possession Seller shall take no action that will encumber the property or create any rights in any third parties that may affect the condition of title.

### **Section 3. Property Information / Title and Survey.**

**a. Current Title.** Purchaser may, at Purchaser's cost and expense, secure: (i) a current title commitment from the Title Insurer for the Property, and (ii) legible copies of all documents of record affecting the Property as disclosed in the title commitment (the "Title Information"), and obtain all of same at any time, provided that if Purchaser does not obtain the title commitment, Seller shall obtain it at Seller's costs no later than thirty (30) days prior to Closing. Not later than thirty (30) days following receipt of all Title Information (the "Title Advisory Date"), Purchaser shall provide written notice to Seller of ("Purchaser's Title Notice"): (i) permitted exceptions to title (ii) the Redevelopment Agreement and easements and other obligations specified therein and (iii) any matters affecting title to the Property which are not permitted by Purchaser as to which Purchaser disapproves, and pursuant to said notice request that Seller correct such unpermitted title matters. Seller shall, in the exercise of its reasonable discretion, advise Purchaser not later than the fifth (5<sup>th</sup>) business day following its receipt of Purchaser's Title Notice (the "Title Response Date"), as to whether Seller intends to correct the unpermitted title matters or provide endorsement coverage with respect thereto prior to the Closing. If Seller elects not to correct the unpermitted title matters, or if Seller elects not to provide endorsement coverage, or if Seller provides no notice to Purchaser by 5:00pm on the Title Response Date (in which event Seller shall be deemed to have elected not to correct the unpermitted title matter), Purchaser shall have the option to either waive its objection or cancel this Agreement in writing to Seller given no later than the later of: (i) the expiration of the tenth (10<sup>th</sup>) Business Day following expiration of the Initial Due Diligence Period, and (ii) the expiration of the tenth (10<sup>th</sup>) Business Day following the Title Response Date. If Seller elects to correct an unpermitted title matter by way of endorsement coverage, Purchaser shall have the right to approve the form and content of the endorsement, which approval shall be in Purchaser's sole and absolute discretion. The cost of the title commitment and policy, the cost of any endorsements required to correct unpermitted title exceptions, and all closing fees shall be paid by Purchaser.

**b. Current Survey.** Purchaser may, at Purchaser's cost and expense, secure a current (dated subsequent to the Second Notice) ALTA/ACSM survey of the Property (the "Survey"); Not later than ten (10) days following receipt of all Survey (the "Survey Advisory Date"), Purchaser shall provide written notice to Seller of ("Purchaser's Survey Notice") of any matters affecting title to the Property which are not permitted by Purchaser as to which Purchaser disapproves, and pursuant to said notice request that Seller correct such unpermitted title matters. Seller shall, in the exercise of its reasonable discretion, advise Purchaser not later than the fifth (5<sup>th</sup>) business day following its receipt of the Survey ("Survey Response Date") as to whether Seller intends to correct any unpermitted title matters or provide endorsement coverage with respect thereto prior to the Closing. If Seller elects not to correct the unpermitted title matters, , Purchaser shall have the option to either waive its objection or cancel this Agreement in writing to Seller given no later than the expiration of the fifth (5<sup>th</sup>) Business Day following the Title Response Date, or correct the unpermitted title matter by way of endorsement coverage at Purchaser's sole expense. Purchaser shall have the right to approve the form and content of the endorsement, which approval shall be in Purchaser's sole and absolute discretion.

**Section 4. Prorations.** Seller agrees to provide to Purchaser at closing a credit for any unpaid real property taxes not currently due and owing. Such taxes shall be prorated at 105% of the amount indicated on most recent tax bill issued. Seller represents and warrants that all utilities associated with the Property will be paid in full as of the date of Closing and that no other utility charges or other expenses exist to be pro-rated. Purchaser acknowledges that in the event Seller retains possession under the provisions of Paragraph 2e, pending utility charges shall not have to have been paid by time of Closing.

**Section 5. Conditions to Closing.** Purchaser's obligation to purchase the Property shall, in addition to any other conditions set forth in this Agreement, be conditional and contingent upon satisfaction, or written waiver by Purchaser, of each and all of the below listed conditions on or before Closing Date (the "Conditions"):

**a. Title Policy.** On the Closing Date, Title Insurer shall be irrevocably committed to issue to Purchaser an ALTA extended coverage owner's policy of title insurance for the Property, with such endorsements requested by Purchaser (the "Title Policy") subject only to the permitted exceptions to title. Seller agrees that it will not cause any matters to affect title to the Property which would constitute further exceptions under the Title Policy.

**b. Covenants, Representations and Warranties.** The covenants of Seller are fully performed, and the representations and warranties of Seller are true and correct, on the Closing Date.

**c. No Condemnation.** The Property is not subject, in whole or in part, to any condemnation proceeding, or threat thereof, from any person other than the Purchaser on the Closing Date.

**d. No Third Parties in or with right to Possession Except as Stated Herein..** No person or entity has, or claims to have, any right to possession of the Property or is in possession of the Property, whether by lease, license, or other means or claim of right except for xxxx d/b/a Batavia Insurance (Tenant). Seller represents that it has the authority to obtain possession upon no more than 60 days notice, and agrees that, within 5 days of receipt of Purchaser's Notice for Possession, Seller shall give Tenant notice to terminate the lease and/or occupancy within 60 days of Seller's Notice.

**Section 6. Documents to be Delivered at Closing** On the Closing Date, the following fully executed documents and/or items, acknowledged where appropriate, and in form and substance reasonably satisfactory to Purchaser shall be delivered to the Escrow (together referred to herein as the "Closing Documents"):

**a. Deed.** A Warranty Deed ("Deed") from Seller in form and content reasonably acceptable to Seller and Purchaser, conveying good and insurable fee simple title, subject to the permitted exceptions, and otherwise in recordable form.

**b. Settlement Statement.** A settlement statement prepared by the parties or the Title Insurer and acceptable to Purchaser and Seller showing all cash receipts and disbursements to be made on the Closing Date.

**c. Title Policy.** The Title Policy issued by the Title Insurer in the amount of the Purchase Price, insuring fee simple title to the Property as being vested in Purchaser, subject only to the permitted exceptions, and containing such endorsements as Purchaser may require. Purchaser shall be responsible to have the Title Policy delivered at the Closing (in a marked up and signed commitment or signed pro forma format so that upon closing the Title Insurer is insuring Purchaser's title to the Property, as opposed to committing to insure title), with the original Title Policy endeavored to be delivered to Purchaser within five (5) Business Days following the Closing Date. The cost of the Title Policy shall be borne by the Purchaser.

**d. Non-Foreign Status Affidavit.** An Affidavit of Non-Foreign Status executed by Seller in form and content reasonably acceptable to Seller and Purchaser, if necessary.

**e. Other Documents.** All other documents affecting title to or possession of the Property and necessary to transfer or assign the same to Purchaser as provided herein, including without limitation, documents reasonably required by the Title Insurer.

**Section 7. Representations and Warranties of Seller.** Seller represents and warrants, and covenants and agrees as follows for the benefit of Purchaser and Purchaser's successors and assigns:

**a. Status of and Execution by Seller.** Seller is now, and on the Closing Date will be duly empowered and authorized to do all things required of it under or in connection with this Agreement. All agreements, instruments, and documents herein provided to be executed or to be caused to be executed by Seller will be duly executed by and binding upon Seller and enforceable according to their terms. Seller is the fee simple owner of the Property.

**b. Non-Foreign Status.** Seller is not a "foreign person" as defined in, and Purchaser shall not be required to withhold any portion of the Purchase Price pursuant to Internal Revenue Code Section 1445.

**c. Litigation and Condemnation.** Seller has not received notice that any actions, suits, or proceedings of any kind are pending or threatened against or affecting Seller or the Property in any court of law or in equity or in arbitration or by any governmental department, commission, board, bureau, agency, or other instrumentality which might materially adversely affect the ownership or operation of the Property or the ability of Seller to timely perform its obligations under this Agreement, except from Purchaser. To Seller's knowledge, Seller has not received notice of any condemnation action threatened or pending against the Property, except from Purchaser, or any proposed or pending special assessment proceeding.

**d. Violation of Laws.** Seller has not received any written notice that the Property is in violation of any order, judgment, injunction, award, or decree of any court or agency of competent jurisdiction or any other requirement of any governmental authority or arbitrator or Board of Fire Underwriters applicable to the Property.

**e. No Leases/Rights of Third Parties.** There are no leases, licenses, or other rights of third parties to occupy or use the Property or any portion thereof, except as described in Paragraph 5d herein.

**f. Special Assessments.** Seller has not received any notice or information concerning any assessments for improvements (site or area) which have been or are to be installed by any public authority, the cost of which is to be assessed in whole or in part against any part of the Property.

**g. Authority to Contract.** Neither this Agreement nor anything provided to be done hereunder, or required to be done hereunder to effectuate the transaction contemplated hereunder, by Seller, including but not limited to the conveyance of the Property, will violate any contract, agreement or instrument to which Seller is a party to and/or which affects the Property.

**h. Recapture Agreements.** There are no obligations in connection with the Property for any so called "recapture agreements" involving refund, participation or payment of monies, nor any charge for work or services done, or to be done, upon or relating to or benefitting, whether now or in the future, the Property.

Seller shall be required to state in writing prior to Closing exceptions to the above listed representations, warranties, and covenants, in which case Purchaser may (i) terminate this Agreement if such exceptions are not reasonably acceptable, (ii) elect to close this transaction notwithstanding such exceptions, and/or (iii) pursue any and all other remedies available to Purchaser at law or in equity. The representations and warranties contained in this Agreement shall survive the Closing and the recordation of the Deed. Any liability of Seller arising in connection with the representations and warranties contained in this Agreement, however, shall terminate three hundred sixty five (365) days from the Closing Date, except for any claims asserted prior to the expiration of such three hundred sixty five (365) day period.

**Section 8. Default.** Seller shall be in default under this Agreement (i) if Seller breaches any representation or warranty of Seller contained in this Agreement, (ii) if Seller fails to timely perform any of its covenants, agreements, and/or obligations contained in this Agreement, (iii) if, as of Closing, there exists any unpermitted title and/or survey exceptions, and (iv) if any of the conditions set forth in Section 5 above or elsewhere contained in this Agreement are unsatisfied as of Closing as the result of Seller's action or inaction. Purchaser shall provide Seller with written notice of default and Seller shall be entitled to cure any such default within ten (10) days of receipt of Purchaser's notice of default. In the event of an uncured default by Seller under this Agreement, Purchaser shall, notwithstanding anything to the contrary contained in this Agreement, have all remedies specified in this Agreement

and all other remedies available to Purchaser at law or in equity, including without limitation, specific performance. The recitation of a specific remedy in this Agreement shall not exclude any and all other remedies available to Purchaser at law or in equity.

Purchaser shall be in default under this Agreement if Purchaser breaches any representation or warranty of Purchaser herein contained in this Agreement or if Purchaser fails to timely perform any of its covenants, agreements, and/or obligations contained in this Agreement. In the event of a default by Purchaser under this Agreement which is not cured within ten (10) days of written notice of default received by Purchaser from Seller, Seller's sole and exclusive remedy hereunder shall be to terminate this Agreement by notice to Purchaser, whereupon all rights, duties and obligations of the parties under this Agreement shall terminate.

**Section 9. Cooperation to Effect 1031 Exchange.** Seller may elect to effect its transfer and conveyance of the Property as part of an exchange under Section 1031 of the Internal Revenue Code of 1986, as amended. If Seller so elects, it shall provide notice to Purchaser of such election, and thereafter may at any time at or prior to the Closing assign its rights (but such assignment shall not relieve Seller of its obligations) under this Agreement to a "qualified intermediary" as defined in Treasury Regulation §1.1031(k)-1(g)(4), subject to all rights and obligations hereunder of Seller. Purchaser agrees to cooperate with all reasonable requests of Seller and the "qualified intermediary" in arranging and affecting the transfer of the Property in accordance with such provision so long as the same do not cause expense to Purchaser or liability and the date of the Closing hereunder is not delayed. It is the intent of the parties that Purchaser shall incur any income tax liability as a result of cooperating with Seller in consummating a tax-deferred exchange, and that Purchaser shall not incur any expenses or liability of any nature in connection with such exchange transaction. Seller, if electing to effect an exchange, agrees to and shall indemnify and hold harmless Purchaser from any and all loss, liability, costs, claims, demands, expenses, damages, actions, causes of action and suits (including, without limitation, reasonable attorney's fees and costs of litigation, if any) arising out of or related to Purchaser's participation in any such exchange transaction hereunder. Notwithstanding the foregoing, all representations, warranties, or other agreements entered into by and between Seller and Purchaser either herein or in any other document executed before or at Closing and intended to survive Closing shall continue in full force and effect and not be effected by Seller's assignment of its rights and obligations to its qualified intermediary.

**Section 10. Miscellaneous.**

**a. Possession.** Possession of the Property shall be delivered to Purchaser six (6) months from the Closing date.

**b. Attorney Fees.** In the event that a party hereto is in default of its obligations herein contained and the non-defaulting party sues to enforce its rights hereunder, the defaulting party shall pay all of the costs and expenses (including reasonable attorney fees) incurred by the non-defaulting party in the enforcement of the terms and provisions of this Agreement, including causing the return and disbursement of the any monies held in trust to Purchaser if same is entitled to the return thereof.

**c. Offer and Acceptance.** Delivery by Purchaser to Seller of a copy of this Agreement executed by Purchaser shall constitute a contingent offer to purchase the Property upon the terms and conditions herein set forth which offer shall be effective for a period of fifteen (15) full Business Days following the time of such delivery. If Seller fails to deliver a fully executed counterpart of this Agreement to Purchaser prior to expiration of such fifteen (15) full Business Day period, then at Purchaser's sole option, said offer may be revoked and rescinded in its entirety at any time thereafter, and upon such revocation and rescission, said offer and this Agreement shall have no further force or effect. The signature of the City Administrator shall be considered valid for representation of Purchaser to this Agreement, provided that the Agreement is subject to the condition subsequent of the City Council's approval at a regular or special public meeting within thirty (30) days following the Seller's acceptance.

**d. Council Approval Contingency.** The Contract must be approved by two thirds (2/3s) of the Batavia City Council, and, if the Batavia City Council fails to approve the Contract within thirty (30) days from the Effective Date, this Contract will deemed void, and the earnest money shall be returned.

**e. Confidentiality.** The Seller shall not disclose the terms of this Agreement unless and until the Council Approval Contingency has been satisfied or the Purchaser has revoked or rescinded the offer to purchase

prior to acceptance of the offer, and disclosure of the terms of this Agreement prior to those triggering events shall be grounds for default and termination of the Agreement and forfeiture of the earnest money.

**f. Counterparts.** This Agreement and any document or instruments executed pursuant hereto may be executed in any number of counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instruments.

**g. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. In case of litigation, venue for any proceedings arising under this Agreement shall be in Kane County, Illinois

**h. Time of Essence.** Time is of the essence of this Agreement.

**i Delivery of Property Free of Rights of Others.** Seller shall deliver the Property the Possession Date, free and clear of any and all rights of third parties to occupy or use the Property other than Purchaser and/or affiliates of Purchaser, easements of record as of the date of this Agreement, or other written agreement between the parties, except for the possession as described in Section 2.b herein.

**j. Successors and Assigns.** This Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Purchaser, without the consent of Seller, may at any time on or after the date hereof assign all of its right, title, interest, and obligations in and to this Agreement to its nominee and upon such assignment, Purchaser shall be relieved of any and all obligations and liability under this Agreement.

**k. Costs.** The parties agree that, as Purchaser is a municipal corporation, the transaction is not subject to state and county transfer taxes, and that there are no local estate transfer taxes. Purchaser shall be liable for the premium for the extended coverage policy of title insurance and any endorsements thereto, the cost of the Survey, the cost of a Phase I environmental study, and the escrow fees. Seller and Purchaser shall each be responsible for paying their respective legal fees, consultant fees, and costs, if any, outside of escrow; except that Purchaser agrees to pay Seller \$2500 for attorney's fees and \$5000 for moving expenses.

**l. Notices.** All notices and demands given or required to be given by any party hereto to any other party ("notices") shall be in writing and shall be delivered in person or sent by telecopy with electronic confirmation of receipt thereof and with concurrent mailing by U.S. Postal Service delivery, or by a reputable overnight carrier that provides a receipt, such as Federal Express or UPS, or by registered or certified U.S. mail, postage prepaid, addressed as follows (or sent to such other address as any party shall specify to the other party pursuant to the provisions of this Section):

To SELLER:

Eldon P. Frydendall, Trustee  
JOL Joint Living Trust  
33 S Lincoln  
Batavia, IL 60510  
Fax 630-879-0510  
Email: [epfrydendall@aol.com](mailto:epfrydendall@aol.com)

With a copy to:

Paul Greviskes  
P.O. Box 393  
Batavia, IL 60510  
Fax: (630) 879-8390  
Email: [paulgreviskes@sbcglobal.net](mailto:paulgreviskes@sbcglobal.net)

To PURCHASER:

City Administrator  
City of Batavia  
100 North Island Avenue  
Batavia, IL 60510  
Fax: (630) 454-2001  
Email: [cityadministrator@cityofbatavia.net](mailto:cityadministrator@cityofbatavia.net)

With a copy to:

Kevin G. Drendel  
111 Flinn St.  
Batavia, IL 60510  
Fax: (630) 406-6179  
Email: [kgd@batavialaw.com](mailto:kgd@batavialaw.com)

ANY NOTICE REQUIRED FOR UNDER THIS AGREEMENT MAY ALSO BE SENT BY EMAIL. All notices delivered in the manner provided herein shall be deemed given upon actual receipt (or attempted delivery if delivery is refused).

**Business Day.** For purposes of this Agreement, "business day" or "Business Day" shall mean Monday through Friday, excluding New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and other legal holidays normally observed by business offices government offices, and/or banking offices.

**Section 11. Broker.** Seller and Purchaser represent and warrant that they have not dealt with any broker in connection with this Agreement and/or the transaction contemplated herein, and that neither owes a commission related to this transaction.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

**PURCHASER:**  
CITY OF BATAVIA, AN ILLINOIS MUNICIPAL CORPORATION

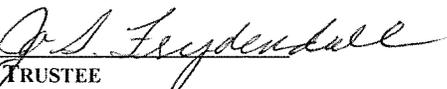
BY:   
ITS: ADMINISTRATOR  
NAME: WILLIAM R. MCGRATH

DATED June 30, 2016

**SELLER:**  
JOL JOINT LIVING TRUST

BY:   
ITS: TRUSTEE  
NAME: ELDON P. FRYDENDALL

DATED 7-18-2016 2016

BY:   
ITS: TRUSTEE  
NAME: JO S. FRYDENDALL

DATED 7-18-20, 2016

(THE LAST DATE THIS AGREEMENT IS SIGNED SHALL THEREAFTER BY KNOWN AS THE "EFFECTIVE DATE")

Left Blank

**EXHIBIT A – LEGAL DESCRIPTION**

THAT PART OF LOT 5 IN BLOCK 7 OF THE ORIGINAL TOWN OF BATAVIA, ON THE EAST SIDE OF FOX RIVER, DESCRIBED AS FOLLOWS: COMMENCING AT A POINT IN THE SOUTH LINE OF SAID LOT, 31 FEET EASTERLY FROM THE SOUTHWESTERLY CORNER THEREOF; THENCE NORTHERLY PARALLEL WITH THE WESTERLY LINE OF SAID LOT 118 FEET; THENCE EASTERLY PARALLEL TO THE SOUTHERLY LINE OF SAID LOT 18 FEET; THENCE SOUTHERLY PARALLEL WITH THE WESTERLY LINE OF SAID LOT 118 FEET TO THE SOUTHERLY LINE THEREOF; THENCE WESTERLY ALONG THE SOUTHERLY LINE OF SAID LOT 5, 18 FEET TO THE POINT OF BEGINNING, IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS .

Property Address: 121 E. Wilson St., Batavia, IL 60510

PIN: 12-22-276-014-0000

# CITY OF BATAVIA

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**DATE:** August 15, 2016  
**TO:** Mayor & City Council  
**FROM:** Wendy Bednarek, Director of Human Resources  
**SUBJECT:** Authorizing the Acceptance of the Contract and By-laws of the Intergovernmental Personnel Benefits Cooperative (IPBC) and Authorizing Membership in the IPBC

The City is currently self-insured for our health insurance benefits and utilize Lundstrom Insurance as our insurance broker. While being individually self-insured allows for benefits such as plan design control and ability to institute some cost control measures, the city also bears the impact of high insurance claim years. After staff research, it has been determined it is still beneficial to remain self-funded but it does open us up to exposure for unexpected claims. The last three years (2015, 2014, 2013) the City has experienced high unexpected claims and is trending in 2016 to be the largest claim year. Entering into an intergovernmental agreement with the IPBC will allow the City to remain self-insured while sharing the risk of health claims among a pool of municipalities and government agencies thus reducing the problematic monetary spikes in unpredictable claims.

The Intergovernmental Personnel Benefits Cooperative (IPBC) was established in 1976 for the purposes of providing economies of scale and risk pooling that allows its members more financial stability than offered by the commercial insurance market. Members of the IPBC retain the right to create and change their plan design. The Cooperative has over 104 municipal members, 37,000 insured lives and over \$105,000,000 in reserves. It operates with a Board of Directors and Executive Board with members of sub-pools having a vote and say in how the Cooperative's operations are conducted. Individual municipal members that are members of a sub-pool have representation on the sub-pool's board. The City of Batavia is large enough to be an individual member or can choose to be a part of a sub-pool. Staff would recommend joining a sub-pool to further share the risk. The City would be part of the sub-pool NIHIL.

#### Benefits of the IPBC Pool:

- The City remains self-insured.
- IPBC has substantially greater purchasing power assuring lower rates.
- The IPBC pool has experienced controlled increases of only 2.3% for the PPO and 2.5% for the HMO over the last 5 years.
- The wellness component of the program would be a savings over our current structure.
- Compared to current COBRA monthly rates, the overall renewal rates are projected at a decrease of 7.1% with the IPBC and rates will be locked for 18 months.
- Insurance will be through BlueCross BlueShield with BCBS as their own third party administrator.

#### Cons of the IPBC Pool:

- Change in current insurance provider – Cigna to BCBS
- While risk sharing of claims allows for financial stability, in positive individual years the risk is also shared so the benefit may not be as strong.

- Different financial model for paying health insurance (not necessarily a con just different).

Because of the potential stability in premiums, the City's ability to remain self-insured, flexibility in plan design and the opportunity to share unexpected claims costs, staff is requesting approval of membership into the IPBC and acceptance of the contract and by-laws, effective January 1, 2017.

w/attachments:       ORD 16-54 Authorizing Acceptance of the Contract/By-laws of IPBC and  
                                  Membership into IPBC  
                                  IPBC Contract By-Laws  
                                  IPBC Policy Manual

cc:     Laura Newman, City Administrator  
          Peggy Colby, Finance Director

**CITY OF BATAVIA, ILLINOIS  
ORDINANCE 16-54**

**AUTHORIZING THE ACCEPTANCE OF THE CONTRACT AND BY-LAWS OF  
THE INTERGOVERNMENTAL PERSONNEL BENEFIT COOPERATIVE  
AND AUTHORIZING MEMBERSHIP IN THE IPBC BY THE  
CITYOF BATAVIA**

**WHEREAS**, a number of Illinois municipalities and Sub-Pools have entered into an intergovernmental agreement and created the Intergovernmental Personnel Benefit Cooperative (“IPBC”); and

**WHEREAS**, the IPBC has existed for several decades, and has provided benefit coverages for the officers and employees of many Illinois municipalities; and

**WHEREAS**, the City of Batavia wishes to become a Member of the IPBC; and

**WHEREAS**, the obligation of membership requires the acceptance by the Corporate Authorities of the City of Batavia of the Contract and By-Laws document of the IPBC as an intergovernmental contractual obligation to which the City of Batavia will become bound;

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and City Council of the City of Batavia, Kane and DuPage Counties, Illinois that the Mayor and City Clerk are authorized to accept as follows:

**SECTION 1:** The City of Batavia, as of the starting date at which admission to membership was or is granted by the IPBC Board of Directors, shall become a Member of that intergovernmental cooperative.

**SECTION 2:** The terms and conditions of that membership shall be such terms and conditions as were imposed by the Board of Directors of the IPBC in the acceptance motion, and the contractual obligations under the terms of the Contract and By-Laws of the IPBC as such document currently exists and as it may be amended in accordance with its terms. The City of Batavia assumes such terms and conditions.

**SECTION 3:** The Mayor of the City of Batavia, or such other officer, as shall be authorized, is directed to execute any documents necessary to indicate the membership of the City of Batavia in the IPBC.

**PRESENTED** to and **PASSED** by the City Council of the City of Batavia, Illinois, this 5th day of July, 2016.

**APPROVED** by me as Mayor of said City of Batavia, Illinois, this 15th day of August, 2016.

\_\_\_\_\_  
 Jeffery D. Schielke, Mayor

Ward	Aldermen	Ayes	Nays	Absent	Abstain	Aldermen	Ayes	Nays	Absent	Abstain
1	O'Brien					Fischer				
2	Callahan					Wolff				
3	Hohmann					Chanzit				
4	Mueller					Stark				
5	Botterman					Atac				
6	Cerone					Russotto				
7	McFadden					Brown				
Mayor Schielke										
VOTE:		Ayes	Nays	Absent		Abstention( s)				
Total holding office:		Mayor and 14 aldermen								

ATTEST:

\_\_\_\_\_  
 Christine Simkins, Deputy City Clerk



**IPBC**

Intergovernmental  
Personnel Benefits  
Cooperative

*An intergovernmental self-insured health benefit program*

**Intergovernmental Personnel Benefit Cooperative  
Policy Manual  
As of August 28, 2014**

- 1) Financial Policies**
  - a) Administrative Fund -Fund Balance Policy**
  - b) Benefit Fund – Fund Balance Policy**
  - c) Financial & Administrative Policy & Procedures**
  - d) Investment Policy**
- 2) Growth Policy**
- 3) Record Retention Policy**
- 4) Remote Attendance Policy**



# IPBC

Intergovernmental  
Personnel Benefits  
Cooperative

*An intergovernmental self-insured health benefit program*

## **ADMINISTRATIVE FUND BALANCE POLICY**

### Purpose of Fund Balance

The purpose of this policy is to establish a key element of the financial stability of the IPBC by setting guidelines for the Administrative Fund balance. Unreserved fund balance is an important measure of economic stability. It is important that IPBC maintain adequate levels of unreserved fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenses and similar circumstances. The fund balance also provides cash flow liquidity for the IPBC's administrative operations.

### Policy

It is the goal of the IPBC to achieve and maintain an undesignated fund balance equal to 3 months (25%) of annual Administrative Fund expenses. The 3-month fund balance requirement will be calculated as of the close of business on June 30<sup>th</sup> of each fiscal year. The Administrative Fund Balance for each entity in the IPBC shall then be adjusted to the required 3-month fund balance through the audit process by a transfer to/from the Terminal Reserve Fund.

### Effective Date

This policy shall be effective with the fiscal year beginning July 1, 2014.

**Adopted by the IPBC Board of Directors on January 30, 2014**



# IPBC

Intergovernmental  
Personnel Benefits  
Cooperative

*An intergovernmental self-insured health benefit program*

## **BENEFIT FUND – FUND BALANCE POLICY**

### Purpose of Fund Balance

The purpose of this policy is to establish a key element of the financial stability of the IPBC by setting guidelines for the Benefit Fund balance. Unreserved fund balance is an important measure of economic stability. It is important that IPBC maintain adequate levels of unreserved fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenses and similar circumstances. The fund balance also provides cash flow liquidity for the IPBC's PPO/EPO plan, the Dental Plan, the Wellness Program and Life Insurance plan.

### Procedure

It is the goal of the IPBC to achieve and maintain a Benefit Fund balance in the range of 25% to 50% of annual Benefit Fund expenses. The fund balance range requirement will be calculated as of the close of business on June 30<sup>th</sup> of each fiscal year. The Benefit Fund – Fund Balance for each entity that falls outside of the 25% to 50% range requirement will be adjusted to the minimum or maximum range limit through the audit process by a transfer to/from the Terminal Reserve Fund. The minimum range of 25% will only apply to entities that maintain a PPO/EPO and/or Dental plan.

### Implementation Period

All entities will have three-years from the effective date of this policy to bring their Benefit Fund - Fund Balance into compliance with the minimum range of 25%. New members will also have three-years from acceptance into IPBC to bring their Benefit Fund - Fund Balance into compliance with the minimum range of 25%. After the three-year implementation period, entities that are not in compliance with the minimum range of 25%, will be subject to the adjustment process in the Procedure section of this Policy.

### Effective Date

This policy shall be effective with the fiscal year beginning July 1, 2015.

**Adopted by the IPBC Board of Directors on August 28, 2014**



# IPBC

Intergovernmental  
Personnel Benefits  
Cooperative

*An intergovernmental self-insured health benefit program*

## **Intergovernmental Personnel Benefit Cooperative Financial and Administrative Policy and Procedures Effective with the Audit for the Fiscal Year Ended June 30, 2013**

This listing of IPBC Policies and Procedures is meant to serve as guidelines for situations that may occur in the normal course of the Cooperative's activities. Activities not addressed or contrary to these listed below may be taken with prior full Board approval.

### **Terminology:**

- Fiscal Year - the Cooperative has adopted a fiscal year of July 1<sup>st</sup> of a year through June 30<sup>th</sup> of the following year, to coincide with the Cooperative's Plan Year and Annual Renewal.
- Member – an entity that participates in the Cooperative, either as a member of a sub-pool, a listed entity, or a stand-alone community.
  - Mature member or Mature Sub-Pool - a member, or a sub-pool, which has participated in the Cooperative through one complete fiscal year or longer, as of the date of the Cooperative's annual audit.
  - Immature member or Immature Sub-Pool - a member, or a sub-pool, which has not participated in the Cooperative through a minimum of one complete fiscal year, as of the date of the Cooperative's annual audit.

### **1. Administrative Account Balances**

#### **A. Surplus - Transfer to Terminal Reserve**

Surplus Administrative Account balances may be utilized by the members to reduce future premiums in this account. A reduction of the Administrative Account balance should be treated as an internal transfer to the member's Terminal Reserve account. Procedures for the transfer of any surplus are as follows:

- Members are to submit a request in writing to the Cooperative's Executive Director and Insurance Consultant. Requests from Sub-pool members must first be submitted to the Sub-pool Board for approval (if required by sub-pool by-laws) prior to the request being made to the Executive Director and Insurance Consultant.

- The Insurance Consultant will review the request and verify the Member's last audited balance and fiscal year to date activity, to verify that the withdrawal will not result in an account balance deficit to be satisfied through the Cooperative's audit.
- The Insurance Consultant will forward the request to the Cooperative's Accountant for further verification of the Member's surplus balance in accordance with the Accountant's records. The effective date of the transfer will be the first of the month following the approval of the transfer.
- Any amounts requested by a member which are not approved by the Insurance Consultant and Accountant may be brought to the Finance and Operations Committee for approval.

#### B. Deficit

Upon acceptance of the Cooperative's annual audit, for any mature member or mature sub-pool, deficit balances in the Administrative account will be settled with transfers from the member's, or sub-pool's, Terminal Reserve Account.

## 2. **Benefit Account Balances**

#### A. Surplus – Reduce Future ACH Allocation

Surplus Benefit Account balances may be utilized by the members to reduce future ACH allocation to the member's Benefit Account. After the establishment of Benefit Fund premiums with GBS, a member may request a reduction to the ACH by premium offset through the Benefit Fund Reserve account.

#### B. Surplus - Transfer to Terminal Reserve

Surplus Benefit Account balances may be transferred to the members Terminal Reserve account. A reduction of the Benefit Account balance should be treated as an internal transfer to the member's Terminal Reserve account. Procedures for the transfer of any surplus are as follows:

- Members are to submit a request in writing to the Cooperative's Executive Director and Insurance Consultant. Requests from Sub-pool members must first be submitted to the Sub-pool Board for approval (if required by sub-pool by-laws) prior to the request being made to the Executive Director and Insurance Consultant.
- The Insurance Consultant will review the request and verify the Member's last audited balance and fiscal year to date activity to verify that the

withdrawal will not result in an account balance deficit to be satisfied through the Cooperative's audit.

- The Insurance Consultant will forward the request to the Cooperative's Accountant for further verification of the Member's surplus balance in accordance with the Accountant's records and applicable reduction of the monthly total ACH. The effective date of the transfer will be the first of the month following the approval of the transfer.
- Any amounts requested by a member which are not approved by the Insurance Consultant and Accountant may be brought to the Finance and Operations Committee for approval.

### C. Deficit

Upon acceptance of the Cooperative's annual audit, for any mature member, or mature sub-pool deficit balances in the Benefit Account will be settled with transfers from the member's, or sub-pool's, Terminal Reserve Account.

## **3. HMO Account Balances**

### A. Surplus and Deficit Transfer to Terminal Reserve

Upon acceptance of the Cooperative's annual audit, HMO Account balance will be transferred to the Terminal Reserve Account balance for each member participating in the HMO Program. This transfer will occur on the first day of the fiscal year following the audit period. All other deficit account balances to be satisfied subsequent of this transfer being completed. Any Terminal Reserve Account Balance withdrawal will be calculated subsequent of this transfer being completed subject to the review process and approval.

## **4. Terminal Reserve Account Balances**

### A. Declared Dividends

Any member balances in the Terminal Reserve Account, as of the date of the latest Cooperative-approved audit shall be declared dividends of the Cooperative. Any excess funds transferred from the other accounts to the Terminal Reserve Account shall not be declared dividends of the Cooperative, until the transfer is accounted in a Cooperative-approved audit. Terminal Reserve balances may be utilized by the members to reduce future total ACH's, to fund deficits in the member's IPBC accounts, or may be withdrawn by the member upon written request to the Cooperative (See Terminal Reserve Account Balances – Withdrawal of Funds policy below).

#### 4. Terminal Reserve Account Balances - Continued

##### B. Withdrawal of Funds

Upon written request to the Cooperative, Terminal Reserve balances may be utilized by the individual members to reduce future ACH's, to fund deficits in other member accounts, or may be withdrawn by the member. Procedures for the withdrawal of funds are as follows:

- Members are to submit a request in writing to the Cooperative's Executive Director and Insurance Consultant. Requests from sub-pool members must first be submitted to the Sub-Pool Board for approval (if required by sub-pool by-laws) prior to the request being made to the Executive Director and Insurance Consultant.
- The Insurance Consultant will review the request and verify the Member's last audited Terminal Reserve balance, and fiscal year to date activity, provided that there shall be deducted from the withdrawal any amounts owed by the member or reasonable anticipated to be owed by the member to the Cooperative either being then due or 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 Insurance Consultant will forward the request to the Cooperative's Accountant for further verification of the member's current Terminal Reserve balance in accordance with the Accountant's records.
- Approved requests to reduce future ACH premium payments or to fund deficits in other member accounts will be sent to the requesting member with a copy to the IPBC Executive Director and Treasurer.
- Verified requests for withdrawal will be forwarded to the IPBC Treasurer for approval and payment with a copy to the Executive Director. Payments will be remitted within 30 days of The IPBC Treasurer's approval.

##### C. Deficit

Upon acceptance of the Cooperative's annual audit and settlement of other deficit account balance transfers for any member's or sub-pools', a Terminal Reserve Account balance deficit may be settled with either direct payment to the Cooperative from the member or sub-pool, or a Cooperative-approved transfer from a member's or sub-pool's surplus account balance, provided such a transfer follows the above policies.

## **5. Total Account Balances**

### **A. Deficit – Mature Members**

If insufficient surplus account balances, should result that a Terminal Reserve Account balance deficit cannot be fully settled with a transfer, the Cooperative shall accrue a Terminal Reserve Fund receivable for the net deficit balance due and issue an invoice to the member for the receivable. The invoice shall be due and payable within 60 days from the acceptance of the Cooperative's annual audit and written notice of the deficit.

### **B. Deficit – Immature Members**

Deficit account balances of immature members of the Cooperative, or immature members of a mature sub-pool, will not be transferred or invoiced until such time as the member is considered mature, as defined by these Policies and Procedures.

Account balance deficits of mature members within a sub-pool, will not be invoiced provided the two qualifications below are both met:

1. The total sub-pool experience is reallocated among its members.
2. The total covered lives of the sub-pool increase by 50% from the prior plan year, as a result of new immature members being admitted into the sub-pool.

However, non-qualifying deficits of mature sub-pool members, resulting from their own experience or a premium deficiency, will be invoiced for the resulting Terminal Reserve Account balance deficit.

## **5. Accounting for Claims Incurred-but-not-Reported (IBNR)**

IBNR claims shall be allocated at year-end to individual member balances in the Benefit and HMO Accounts. HMO Account surplus transfer to, or deficit transfer from, the Terminal Reserve Account shall be made after the IBNR allocation.

## **6. Claims Exception of the Coverage Available in the Cooperative**

If a member requests a claims exception of the Cooperative i.e. coverage of an experimental procedure not normally covered, the full exception amount shall be paid by the member, not the Cooperative.

## **7. Premium Payments to the Cooperative – Method of Payment**

All premium payments to the Cooperative shall be made on a monthly basis via ACH pull processed by the Accountant on the first business day of the month for the month.

## **8. Premium Deficiencies**

Any member premium deficiencies, which exist after the fiscal year end final adjustments, shall reduce the member's balance in the Terminal Reserve Account, regardless of how the deficiency shall be made up by the member.

**Adopted by the IPBC Board of Directors on November 20, 2013**



# IPBC

Intergovernmental  
Personnel Benefits  
Cooperative

*An intergovernmental self-insured health benefit program*

## **Intergovernmental Personnel Benefit Cooperative Investment Policy**

### **1.0 Policy**

It is the policy of the Intergovernmental Personnel Benefit Cooperative (IPBC) to invest funds held by the Pool in a manner, which seeks the following:

- **Legal Investments** – IPBC investments must be within those instruments, which may be purchased by Illinois non-home rule communities under the statutory provisions of Illinois law.
- **Preservation of Capital** – Pool and individual member balance security is our investment policy's primary goal.
- **Proper Cash Flow** – Investments must be structured so as to provide proper cash flow for the IPBC and to provide member access to funds in accordance with the IPBC bylaws.
- **Competitive Return** – Investment instruments will be utilized in accordance with the above provisions for risk versus return. Investments of longer duration should be in instruments of greater security.

### **2.0 Scope**

This policy applies to the investment of all monies held by the IPBC. Illinois State Statutes will determine the eligible investments for the IPBC. The Treasurer may choose to invest in only a subset of allowable investments in accordance with the above provisions, and will inform the IPBC Executive Board of investments by type, duration and diversity at each quarterly meeting.

### **3.0 Prudence**

The standard of prudence to be used for all investment activities shall be the following "prudent person" standards, as stated below, and shall be applied while conducting all investment transactions.

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable preservation of their capital as well as the probable income to be derived."

## 4.0 Objective

The portfolio will be invested in certain fixed income securities and cash equivalents. The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

### 1. Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

#### A. Credit Risk

The IPBC will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in Section 8.0 of this Investment Policy
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

#### B. Interest Rate Risk

The IPBC will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio.

### 2. Liquidity

The Investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools, which offer same-day liquidity for short-term funds.

### 3. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. Investments are

limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- Security swaps may occur within professionally managed funds that are permitted to buy and sell as a part of their basic contract.
- The IPBC will pursue a buy and hold strategy for directly held investments unless otherwise determined by the Treasurer and then any sales/swaps will be specifically reported by the Treasurer in the next quarterly report.

## 5.0 Standards of Care

### 1. Prudence

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

### 2. Ethics and Conflicts of Interest

Officers involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/ investment positions that could be related to the performance of the investment portfolio. Officers shall refrain from undertaking personal investment transactions with the same firm and/or individual whom business is conducted on behalf of the IPBC.

### 3. Delegation of Authority

Authority to manage the investment program is hereby delegated to the Treasurer of the IPBC. The Treasurer is responsible for the operation of the investment program, who shall act in accordance with established written procedures and internal controls for the operation of the investment program

consistent with this investment policy and approved by the IPBC Executive Board. Procedures should include references to; safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer and approved by the IPBC Executive Board.

## **6.0 Authorized Financial Institutions, Depositories and Broker/Dealers**

1. A list, approved by the IPBC Board of Directors, will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security brokers/dealers. These may include “primary” dealers or regional dealers that qualify under Security and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

2. The Treasurer may suspend an approved institution or broker/dealer from business with the IPBC for non-compliance and/or non-performance. Such suspension must be confirmed by the IPBC Board of Directors at the following quarterly meeting or the suspension is lifted.

## **7.0 Safekeeping and Custody**

### **1. Delivery vs. Payment**

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

### **2. Safekeeping**

Securities will be held by an independent third-party custodian selected by the entity as evidenced by safekeeping receipts in the IPBC's name.

The Treasurer shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Finance and Operations Committee, and with the independent auditor and approved by the IPBC Board of Directors. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or prudent actions by officers of the IPBC.

## **8.0 Suitable and Authorized Investments**

1. The IPBC will invest in those securities, which may be purchased by

Illinois non-home rule communities under the statutory provisions of Illinois law, except direct holdings of commercial paper.

2. Collateralization, where allowed by state law and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

## **9.0 Investment Parameters**

### **1. Diversification**

It is the policy of the IPBC to diversify its investment portfolios. To eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities, all cash and cash equivalent assets in all IPBC funds shall be diversified by maturity, issuer and class of security. Diversification strategies shall be determined and revised periodically by the Treasurer for all funds.

In establishing specific diversification strategies, the following policies and constraints shall apply:

- Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. Maturities selected shall provide for stability of income and reasonable liquidity.
- No more than 50% of IPBC funds shall be invested with any one investment firm.

### **2. Cash Management Funds**

- Liquidity shall be assured through practices ensuring that the next disbursement date is covered through maturing investments or marketable U.S. Treasury or Agency Obligations.
- Positions in securities having potential default risk (e.g., commercial paper) shall be limited in size so that in case of default, the portfolio's annual investment income will exceed a loss on a single issuer's securities.
- Risks of market price volatility shall be controlled through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.
- The Treasurer shall establish strategies and guidelines for the percentage of the total portfolio that may be invested in securities other than repurchase agreements, Treasury bills or collateralized certificates of deposit. The Finance and Operations Committee shall conduct a quarterly review of these guidelines and evaluate

the probability of market and default risk in various investment sectors as part of its considerations.

3. Maximum Maturities

To the extent possible, the IPBC shall attempt to match its investments with anticipated cash flow requirements. The weighted average maturity of the portfolio shall not be more than three (3) years with any one position having a maximum maturity of five (5) years.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

4. Competitive Bids

The Investment Manager shall obtain competitive bids from at least two brokers or financial institutions on all purchases of investment instruments purchased on the secondary market.

## 10.0 Reporting

1. Investment Report

The Treasurer shall submit an investment report quarterly that summarizes recent market conditions, economic developments and anticipated investment conditions. The report shall summarize the investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics and other features. The report shall explain the quarter's total investment return and compare the return with budgetary expectations.

The report shall include an appendix that discloses all transactions during the past quarter. The report shall be in compliance with state law and shall be distributed to the IPBC Board and others as required by law.

Each quarterly report shall indicate any areas of policy concern and suggested or planned revision of investment strategies.

2. Performance Standards

The investment portfolio will be managed in accordance with the parameters specified in this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The Treasurer shall establish appropriate benchmarks

against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken, and the benchmarks shall have a similar weighted average maturity as the portfolio.

3. Marking to Market

The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on “Market-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools.”

## **11.0 Policy Considerations**

1. Exemption

Any investment currently held that does not meet the guidelines of this policy shall be temporarily exempted from the requirements of this policy. Investments must come in conformance with the policy within six months of the policy's adoption or the governing body must be presented with a plan through which investments will come into conformance.

2. Amendments

This policy shall be reviewed on an annual basis and any changes must be approved by the IPBC Executive Board.

## **1 2.0 Approval of Investment Policy**

The investment policy shall be formally approved and adopted by the IPBC Executive Board and reviewed regularly.

**As amended and approved by the Board of Directors on March 20, 2014**



# IPBC

Intergovernmental  
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*An intergovernmental self-insured health benefit program*

## **IPBC GROWTH POLICY STATEMENT**

With the assistance of its consultant Gallagher Benefit Services (GBS), the Executive Board and with the concurrence of the Board of Directors, the IPBC understands that the insurance marketplace and the IPBC's own financial protocols value continued controlled growth to the extent it is beneficial to the membership and the admitted entity.

The Executive Board supports a policy of selective membership growth, not to exceed 1,000 new employee lives per calendar year. This level of growth is intended to allow GBS reasonable time to assimilate new members into the IPBC without affecting its service responsibilities to the existing members.

Subpool additions are counted against the 1,000 new employee lives, but growth in existing mature subpools is limited to no more than a gain of 50% of the subpool's population as determined in the last month of the calendar year.

The Board of Directors hereby transfers authority to the Executive Board to approve new members per the parameters and guidelines set forth in this policy. All prospective members over 500 employee lives, or the creation of a new sub-pool will require Board of Directors' approval. In addition, in the event of a special, unique circumstance, the Executive Board may recommend to the Board of Directors that the Pool exceed the new member limit.

For the purposes of considering new members, the IPBC recognizes that there is a focus within the Chicago Metropolitan area and metro East St. Louis or other members in proximity to an existing member. Outside these areas, it is preferred that unless a prospective member is over 500 employee lives, that any such prospecting activity support the critical mass necessary to form a new Subpool.

Before conducting an assessment of a prospective member, GBS shall discuss and review the prospect with the Executive Board, which shall include a preliminary discussion of the potential service and financial impact to existing members. In considering a new member, the Pool will evaluate and consider the following:

- Financial Forecast. The prospective member will need to provide at least two years of verifiable health claims information; or, if not available, health rate information for the two-year period. GBS underwriters will use this

information to develop a financial forecast to ascertain the financial impact of the prospective entity/member to the Pool.

- Financial Capacity. The prospective member shall provide copies of its last two annual financial reports (AFR) and, if rated by an outside financial agency, it should have a current bond rating of not less than an “A” level from said agency.
- Government Structure. The Pool’s preference is to consider entities that are similar to current members that exhibit a stable government history with a qualified staff.
- Willingness to Follow IPBC Procedures. The prospective Members are obligated to commit, upon entry to the Pool, to follow the procedures of the IPBC regarding the operations of the Board of Directors and Executive Board. A failure to follow the procedures of the IPBC, which are required by the Board of Directors and/or the Executive Board to apply to all Members, can be found to be an act that can result in expulsion from the Pool.

**Approved by the IPBC Board of Directors on January 30, 2014**



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## **IPBC RECORD RETENTION AND DISPOSITION POLICY AND GUIDELINES**

This policy implements the retention and disposition of records maintained by the Intergovernmental Personnel Benefits Cooperative (“IPBC”). For the purposes of this policy, a record is any print or electronic document or e-mail created and maintained in the ordinary course of business. The documents listed herein that are required to be retained herein may not be all inclusive. Additional documents not specifically listed herein that may be required to be retained by law or regulation will be retained in accordance with such law or regulation. Any records that are not required to be maintained pursuant to this policy may be destroyed, or otherwise disposed of as necessary for administrative purposes. This policy shall not govern records between members or between members and consultants.

### **1. RECORDS REQUIRED TO BE MAINTAINED**

- a. Board/Committee Meeting Materials - All items produced or used at any IPBC Executive Board, Board of Directors, Committee or sub-pool meeting, including all minutes.
- b. Financial Records and Supporting Detail – IPBC financial records, including but not limited to, reports and records of any obligation, receipt and use of public funds of units of local governments, financial statements, certified audits and all other audit reports, billing and payment detail for the IPBC, including payments and billing for IPBC contractors as well as payments or billing to or for Claimants or Members.
- c. Complaints brought against the IPBC or individual members under applicable state and federal statutes.
- d. Administrative Records - Including but not limited to general correspondence, training materials.
- e. Contracts and leases with vendors.

- f. Electronically Stored Information, in pdf, text or other electronic format comprising or relating to a particular document or record otherwise addressed in this policy.
- g. Electronic Mail (E-mail) to or from the IPBC relating to a particular document or record otherwise addressed in this policy.

## **2. STORAGE OF RETAINED RECORDS**

All records to be retained by the IPBC, which are no longer regularly used, may be stored by the IPBC at an on or off-site facility for records storage, as the IPBC shall determine. The storage facility shall be secure and to the extent possible, fire-resistant Documents in electronic format shall be maintained just as hard copy or paper documents are, in accordance with the retention schedule set forth herein.

## **3. LENGTH OF RETENTION OF FILES**

The following retention lengths shall apply:

- a. Board/Committee Meeting Materials. Board minutes, agendas, and Bylaws shall be retained until the IPBC is no longer actively operating and all obligations of the IPBC are fulfilled. Any other materials created for Board meetings shall be maintained for 5 years.
- b. Financial Records and Supporting Detail. Certified Audits, audit reports and general ledgers shall be retained permanently. All other records of the finance office shall be retained for 7 years.
- c. Complaints brought against the IPBC or individual members under applicable state and federal statutes shall be retained for 7 years.
- d. Administrative Records. All administrative records including general correspondence and training materials shall be retained for 5 years.
- e. Contracts and leases shall be retained for 7 years after the expiration of the contract or lease.
- f. Electronically Stored Information. The retention period for electronically stored information relating to a particular record otherwise addressed in this Policy should be retained for the same period as the document, which they relate.

- g. Electronic Mail to or from the IPBC. The retention period for electronic mail relating to a particular record otherwise addressed in this Policy should be retained for a minimum of three years.

#### **4. DESTRUCTION OF RECORDS**

All records, except those that are not subject to this policy, made or received by, or under the authority of, or coming into the custody, control or possession of the IPBC shall not be mutilated, destroyed or otherwise disposed of, in whole or in part, prior to the time frames provided herein. Prior to the destruction of any records, the Executive Director will notify the membership of the records scheduled to be destroyed at least seven days in advance.

#### **5. LITIGATION HOLD**

In some instances, this policy may be temporarily suspended, specifically if records are relevant to an investigation, litigation, potential litigation or if an audit is anticipated. Suspension of this policy will take the form of no business records, including electronically stored information, being disposed of for the stated period of time. Notice of a litigation hold will be given to staff and upon notification, the records must be preserved until the matter in question is satisfactorily resolved and notice of that resolution is given to the staff. This exception supersedes any previously or subsequently established destruction schedule for those records.

#### **6. ADMINISTRATION OF THIS POLICY**

This Policy shall be administered by the Executive Director who shall be the custodian of all retained records. The Administrator's responsibilities shall include supervising and coordinating the retention and destruction of documents pursuant to this Policy.

**Approved by the IPBC Board of Directors on March 20, 2014**



# IPBC

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## INTERGOVERNMENTAL PERSONNEL BENEFIT COOPERATIVE REMOTE ATTENDANCE POLICY

- Section 1.** **Policy Statement.** It is the policy of the IPBC that a Delegate or Alternate Delegate ("Delegate") of any group associated with this unit of government which is subject to the provisions of the Open Meetings Act (Covered Group) may attend and participate in any open or closed meeting of that Covered Group from a remote location via telephone, video or internet connection, provided that such attendance and participation is in compliance with this policy and any other applicable laws.
- Section 2.** **Prerequisites.** A Delegate of the Covered Group of the IPBC shall be provided the opportunity to attend an open and closed meeting or only one of such meetings from a remote location if the Delegate meets the following conditions and a majority of a quorum of the Covered Body votes to approve the remote attendance:
- (i) the Delegate must notify the Chairman of the Covered Body at least 24 hours before the meeting unless advance notice is impractical;
  - (ii) the Delegate must meet one of three reasons described herein why he or she is unable to physically attend the meeting, including either: (1) that the Delegate cannot attend because of personal illness or disability; (2) the Delegate cannot attend because of employment purposes or the business of the IPBC Member or the Delegate's employer; or (3) the Delegate cannot attend because of a family or other emergency; and
- Section 3.** **Voting Procedures.** After roll call, a vote of the Covered Body shall be taken, considering the prerequisites set forth in Section 2, on whether to allow an off-site Delegate to participate remotely. All of the Delegates physically present are permitted to vote on whether remote participation will be allowed. A vote may be taken to permit remote participation for a stated series of meetings if the same reason applies in each case. Otherwise, a vote must be taken to allow each remote participation.
- Section 4.** **Quorum and Vote Required.** A quorum must be established by Delegates physically present at any meeting before it can be considered whether to allow a Delegate to participate in the meeting remotely. A concurring vote of a majority of a quorum shall be necessary to decide the issue. For the meeting to continue there shall always need to be a quorum physically present.
- Section 5.** **Minutes.** The Delegate participating remotely shall be considered an off-site participant and counted as present by means of video or audio conference, for that meeting if the Delegate is allowed to participate. The meeting minutes shall also reflect and state specifically whether each Delegate is physically present, present by video, or present by audio means.

- Section 6.** **Rights of Remote Delegate.** The Delegate permitted to participate remotely will be able to express his or her comments during the meeting and participate in the same capacity as those Delegates physically present, subject to all general meeting guidelines and procedures previously adopted and adhered to. The remote Delegate shall be heard, considered, and counted as to any vote taken. Accordingly, the name of any remote Delegate shall be called during any vote taken, and his or her vote counted and recorded by the Secretary and placed in the minutes for the corresponding meeting. A Delegate participating remotely may leave a meeting and return as in the case of any Delegate.
- Section 7.** **Meetings.** The term meeting as used herein refers to any gathering, whether in person or by video or audio conference, telephone call, electronic means (such as, without limitation, electronic mail, electronic chat, and instant messaging), or other means of contemporaneous interactive communication, of a majority of a quorum of the Delegates of the Covered Body held for the purposes of discussing public business.
- Section 8.** **Closed Meetings.** Delegates participating remotely shall otherwise be entitled to participate in closed meetings by video or audio conference under the same rules as open meetings.

**Approved by the IPBC Board of Directors on August 15, 2007**

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

ARTICLE I. Definitions and Purpose.

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.

**ADMINISTRATOR** - An independent contractor of the COOPERATIVE employed by the Board of Directors to administer the personnel benefit programs of the various MEMBERS of the COOPERATIVE.

**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, 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.

**CASH FLOW ACCOUNT** - A fund of monies established by the MEMBERS of the Intergovernmental Personnel Benefit Cooperative to fund needed cash flow in the Benefit Pool. The Board of Directors shall establish, from time-to-time, the funding requirements from the MEMBERS to generally provide at least an estimated funding for the Benefit Pool, based upon IBNR calculated by or for the Administrator.

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

**EXECUTIVE BOARD** – A Board, composed of nine (9) members, which is responsible for implementing the policy decisions of the Board of Directors and carrying out duties specified in this Contract and By-Laws or assigned by the Board of Directors.

**EXECUTIVE DIRECTOR** – A part or full-time employee or independent contractor, who shall be selected and have his or her compensation chosen by the Board of Directors who shall administer and supervise the operations of the COOPERATIVE and make recommendations to the Board of Directors and the Executive Board in all areas where they have decision-making authority. All references to the Executive Director shall only be applicable if there is an Executive Director in place.

**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.

**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.

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, 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. 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.

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 Board of Directors,
- (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. Participation

The membership of the COOPERATIVE shall consist of those MEMBERS and previously approved listed entities which were MEMBERS of the COOPERATIVE on July 1, 2012, and those subsequently admitted to membership and continuing as MEMBERS. 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 two-thirds (2/3) of the entire membership of the Board of Directors and subject to the payment of such sums and under such conditions as the Board of Directors shall in each case or from time-to-time establish. The Board of Directors may establish standards for admission and assign the power to admit MEMBERS and listed entities to the Executive Board.

ARTICLE IV. Term of the COOPERATIVE.

The Intergovernmental Personnel Benefit Cooperative shall operate with fiscal years beginning on July 1<sup>st</sup> of each calendar year, and the COOPERATIVE shall continue in existence with a term ending on June 30, 2025. 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 V. Board of Directors.

(a) There is hereby established a Board of Directors of the COOPERATIVE. Each MEMBER unit of local government shall choose in the manner applicable to that governmental body one (1) person to represent that body on 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 his duties. The person and alternate selected need not be an elected official of the MEMBER. The Board of Directors 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 Board of Directors 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 of COOPERATIVE officers, agents, non-clerical employees and independent contractors, (2) Setting of compensation for all persons, firms and corporations employed by the COOPERATIVE, (3) Program approval, (4) Vendor approval, (5) Setting of fidelity bonding requirements for employees or other persons, (6) Approval of amendments to the By-Laws, (7) The acceptance of new MEMBERS and listed entities, provided, however, that the Board of Directors may assign, in whole or in part, this authority to the Executive Board and it may choose to do so under stated criteria and process mandated by the Board of Directors, (8) Approval of educational and other programs relating to claim reduction, (9) 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, (10) Any other matters not assigned to another committee, officer, independent contractor, or agent, (11) Expulsion of MEMBERS.

- (c) Each MEMBER shall be entitled to one (1) vote on the Board of Directors. Such vote may be cast only by the designated representative of the MEMBER, who shall be called a Director, or in the Director's absence by an alternate selected by the MEMBER in the same manner as specified for the selection of the principal representative. No proxy votes or absentee votes shall be permitted, but , Directors or Alternates may participate in a meeting by electronic means in accordance with law. Voting shall be conducted by voice vote unless one (1) or more MEMBERS of the Board of Directors shall request a roll call vote; provided, however, that any vote to authorize the payment of bills or which requires a greater than a majority vote for passage, shall be by roll call.
- (d) 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 his or her 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.

- (e) The Board of Directors, the Executive Board 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.
- (f) A quorum shall consist of a majority of the MEMBERS of the Board of Directors. Except as provided in Subsection (g) herein, or elsewhere in these By-Laws, a simple majority of a quorum shall be sufficient to pass upon all matters.
- (g) A greater vote than a majority of a quorum shall be required to approve the following matters:
  - (i) Such matters as the Board of Directors shall establish within its rules as requiring for passage a vote greater than a majority of a quorum; provided, however, that such a rule can only be established by a greater than majority vote at least equal to the greater than majority percentage within the proposed rule,
  - (ii) The expulsion of a MEMBER shall require at least the concurrence of two-thirds (2/3) of the entire membership of the Board of Directors,
  - (iii) Any amendment of these By-Laws except as provided in Subsection (iv) below, shall require the concurrence of at least two-thirds (2/3) of the entire membership of the Board of Directors,
  - (iv) The payment of a contested employee benefit to a MEMBER by the COOPERATIVE in a manner contrary to that reported by the Administrator or the Executive Director, which is brought to the Board of Directors,

shall require the concurrence of at least two-thirds (2/3) of a quorum at a Board of Directors meeting.

- (v) The approval of the benefit programs being offered, annual payments of all kinds, and the allocation of those payments among MEMBERS, shall require the concurrence of at least two-thirds (2/3) of a quorum at a Board of Directors meeting.
- (h) Except as provided herein, no one serving on the Board of Directors 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. Provided, however, that in the event the person chosen or acting as Treasurer is a member of the Board of Directors, that person may receive such compensation as is established from time-to-time by the Board of Directors. In addition, the Chair of the Board, Treasurer and such other officers as may be selected from time-to-time may submit to the Executive Board 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 Board of Directors 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.

## ARTICLE VI. Board of Directors Meetings.

- (a) Regular meetings of the Board of Directors shall be held at least four (4) times a year. The dates of regular meetings of the Board of Directors shall be established at the beginning of each fiscal year. Any item of business may be considered at a regular meeting. At least two (2) meetings must be held during the first half of the fiscal year and at least two (2) meetings must be held during the second half of the fiscal year. A failure to hold these meetings, as required, shall not invalidate acts otherwise taken. Special meetings of the Board of Directors may be called by its Chair, or by any two (2) Directors. Five (5) days written notice of regular or special meetings of the Board of Directors 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 Board of Directors shall be determined by the Chair of the Board of Directors 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 Board of Directors and the Executive Board shall be sent to all MEMBERS.

## ARTICLE VII. Cooperative Officers.

- (a) In addition to such other officers as may be established from time-to-time by the Board of Directors, the officers of the COOPERATIVE, who shall constitute the Executive Board, shall be the following: Chair, Vice-Chair, Past Chair, Treasurer, Finance and Operations Committee Chair, Sub-Pool Representative, Large Member Representative, (Representing non-sub-pool MEMBERS with the top 50% number of lives), Medium MEMBER Representative, (Representing non-sub-pool MEMBERS with the bottom 50% number of lives), At-Large Representative. The computation of 50% shall be rounded downward to deal with the appropriate placement when there is an odd number of Members. The Chair, Vice-Chair, Treasurer, Finance and Operations Committee Chair and At-Large Representative shall be chosen by the Board of Directors. The Past Chair shall be that person who served as the immediate Past Chair, or if that person is not prepared to serve, a Past Chair chosen by the Chair, and in the absence of such a person, an additional At-large Representative chosen by the Chair based upon that person's experience in the operations of the COOPERATIVE. The MEMBERS of the Board of Directors, who constitute Sub-Pools, Large MEMBERS and Medium MEMBERS, shall vote respectively to choose the Executive Board Members who shall represent the appropriate groups.
- (b) The Executive Board shall be responsible for implementing the policy directions of the Board of Directors and shall be responsible for the regular activities of the COOPERATIVE, including but not limited to: the approval of warrants and bills; compliance with growth policy; review audit; recommend investment policy to

Board of Directors; recommend programs and vendors to Board of Directors; service level assessment; recommend goals and policy changes to Board of Directors; coordinate selection process and recommend and oversee the performance of the Executive Director. The Executive Board may enter into contracts and expenditures in amounts up to \$10,000 and may authorize the Executive Director to enter into contract and expenditures in amounts up to \$5,000. The Board of Directors, by motion, may increase the dollar amounts of the contracts and expenditures, which may be from time-to-time authorized to the Executive Board or the Executive Director.

- (c) Except for the election for a term beginning July 1, 2012, the Chair and Vice-Chair shall be limited to one (1) two (2) year term. The term for the remaining Executive Board positions shall be limited to no more than two (2) two-year consecutive terms, but persons may be selected to a different position. For the fiscal year of the COOPERATIVE, commencing on July 1, 2012, and thereafter, the Chair, Vice-Chair, Treasurer, and Finance and Operations committee Chair shall be elected to an initial term of one (1) year and thereafter for two (2) years to achieve staggered terms. Other Members of the Executive Board shall be elected for two (2) year terms commencing on July 1, 2012. The election of officers can take place one hundred and twenty (120) days prior to or after the start of a new fiscal year. Officers shall serve until their successors have been chosen and begin their terms. All Members of the Executive Board are expected to conscientiously prepare for, attend, and actively participate in all Board of Directors and Executive Board meetings.

- (d) 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 Board of Directors; and performs all other duties as are authorized in the By-Laws, or as the Executive Board or Board of Directors 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. The Vice-Chair assists the Chair in directing the affairs and operations of the Executive Board and Board of Directors; acts as presiding officer at meetings in the absence of the Chair.
- (e) 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 Board of Directors; keep the financial records of the COOPERATIVE and invest the funds of the

COOPERATIVE as are not immediately required in such securities as the Board of Directors shall specifically or generally select from time-to-time. Provided, however, that all investments of COOPERATIVE funds shall be made only in those securities which may be purchased by Illinois non-home rule communities under the statutory provisions of Illinois law. 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 Board of Directors.

In the absence of the Treasurer, or in the event of the inability or refusal of such officers to act, the Chair of the Board of Directors 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 Board of Directors, but the Chair may act, in any case, until the selection is made.

- (f) The Board of Directors may, by at least a two-thirds (2/3) vote of the MEMBERS 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 Board of Directors. The Executive Board may also, by at least a two-thirds (2/3) vote, and within its total discretion, remove an Executive Board member, except for the Chair, Vice Chair, Treasurer or Chairman of the Finance and Operations Committee. 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 to the Executive Board, 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 of the Executive Board. 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 Board of Directors, 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.

- (g) Ten (10) or more MEMBERS of the COOPERATIVE may request a special meeting of the Board of Directors held for the purpose of removal of a member or members of the Executive Board. The person proposed to be removed from such a position may address the meeting of the Board of Directors, which, by a majority vote, may remove the member or members. A decision to remove the “at will” members of the Executive Board shall be totally within the discretion of the Board of Directors, which shall not be required to make its decision based upon due cause or due process standards but, rather, simply as a determination of its absolute discretion.
- (h) A Finance and Operations Committee is established. The Committee shall have nine (9) members. The members of the Committee shall be selected by the Chair of the COOPERATIVE and approved by the Executive Board. The Committee members shall be appointed for a term of two(2) years. The Finance and Operations Committee shall serve as a recommending body to the Executive Board. It

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

- (i) The Board of Directors or the Executive Board may establish on a permanent or ad hoc basis other committees or Boards to serve the COOPERATIVE.
- (j) When officers of the COOPERATIVE need to be selected by the Board of Directors, the Executive Board shall name a Nominations Committee, which will consider candidates and make a recommendation for the filling of the positions. The Executive Board 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 Board of Directors 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 meeting of the Board of Directors at which the elections shall take place. Other persons seeking to be named to positions on the Executive Board may have their names offered in nomination for such positions.
- (k) The COOPERATIVE shall purchase a blanket fidelity bond in an amount to be established by the Board of Directors 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.

- (l) The Board of Directors 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 an Administrator.

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 and the Executive Board.

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 Administrator and the Executive Director, 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 Administrator and the Executive Director, will also recommend 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 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. Debits or credits may be expressed through the use of a banding formula. (Also see Article IX.)
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 will purchase such other insurance coverage as may be approved by the Board of Directors.
6. Without regard to any other provision contained within this Article VIII, the Board of Directors 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 Board of Directors may also establish a program to provide dental or other benefits to MEMBERS which wish such coverage.

C. Cash Flow Account.

The Cooperative shall maintain a Cash Flow Account. Each MEMBER shall make payments into that account equal to some percentage set by the Board of Directors of the payments that MEMBER has made into the Benefit Fund. The Board of Directors shall determine the manner in which each MEMBER'S obligation to make payments into the Cash Flow Account is established to assure that an adequate balance for the payment of claims remains in that account at all times. Automatic withdrawals from the Terminal Reserves of a MEMBER may be made by the MEMBER or the Executive Board to fund deficits in the Cash Flow Account. The Board of Directors shall determine whether the Cash Flow Account shall be treated as a single fund which can be utilized for the payment of the claims of any MEMBER or whether each MEMBER shall be obligated to maintain its own individual account. If separate accounts are maintained, MEMBERS may be individually required to make up deficiencies in their accounts. The establishment of payments into the Cash Flow Account from a single fund must receive at least the concurrence of at least the vote of two-thirds (2/3) of a quorum at a Board of Directors meeting.

D. General Fiscal Matters.

The Board of Directors 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 principals.

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 Board of Directors 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 Board of Directors 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 Ter-

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 Board of Directors, 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 Board 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 Board 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 Board, the suspension may be for a period of time up to and including the date at which the Board of Directors considers and takes action relating to a proposed termination of membership or other action. The Executive Board shall notify the Members of the Board of Directors of its decision. The Board of Directors 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 Administrator and the Executive Director at least sixty (60) 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 Administrator 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 Board with an appeal to the Board of Directors. In the event that the Administrator 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 Administrator 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 Administrator unless the decision of the Administrator is overturned or modified by the Executive Board or the Board of Directors. 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 Administrator 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 em-

ployees 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 Board of Directors 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 Board of Directors. 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 Administrator or the Executive Director, the Board of Directors 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 Board of Directors 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 Board of Directors.

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 Board, on the recommendation of the Administrator, 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 Administrator is concerned about the ability of a specific fund to cover potential claims, the matter shall be brought to the attention of the Executive Board and the Board of Directors. The Board of Directors 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 Board of Directors.

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 Board of Directors 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 Board of Directors 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 Board of Directors and the Executive Board, 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 Board of Directors 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, attorneys, claims adjusters, the Administrator 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 sixty (60) 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 Board of Directors 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 at least the votes of two-thirds (2/3) of the entire membership of the Board of Directors.
- (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 Board of Directors or Officers.

The MEMBERS of the Board of Directors 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 Board of Directors, the Executive Board, 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 Administrator and the Executive Director, through the distribution of the minutes of the Board of Directors 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 or the Board of Directors, which declines to pay a benefit in whole or in part, the decision of the Executive Board or the Board of Directors 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 Board of Directors 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 at least two-thirds (2/3) of the entire remaining membership of the Board of Directors, 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, Administrator 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 Board of Directors before any decision is made as to whether the expulsion shall take place. The Board of Directors shall set the date for a hearing which shall not be less than fifteen (15) days after the expiration of the time to cure has passed. The Board of Directors may appoint a hearing officer to conduct such hearing and make a recommendation to the Board of Directors based upon findings of fact. If the Board conducts the hearing itself, it may make a decision at the close

of the hearing. A decision by the Board of Directors to expel a MEMBER after notice and hearing and a failure to cure the alleged defect shall be final unless the Board of Directors 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 Administrator 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 a two-thirds (2/3) affirmative vote of the entire membership of the Board of Directors, 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, 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 Administrator 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.

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.

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 \$25,000 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 \$25,000, 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 2,000 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 Board of Directors 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.

All withdrawing MEMBERS shall remain fully obligated for their portion of all expenses of and claims against the COOPERATIVE incurred during the period of their membership.

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: \_\_\_\_\_

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

# CITY OF BATAVIA

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**MEMO TO:** Laura M. Newman  
City Administrator

**FROM:** Gary J. Schira  
Chief of Police



**DATE:** August 10, 2016

**SUBJECT:** Class G Special Use Outdoor License Request by Gammon Coach House, L.L.C.; Pal Joey's Batavia, Inc.; The Range Grill & Tap, L.L.C.; El Taco Grande; and Wilson Street Tavern for Batavia Main Street Downtown Block Party

The Batavia Police Department has conducted an investigation and background check (Report #16-16330) on Gammon Coach House, LLC; (Report #16-16254) on El Taco Grande; (Report #16-16334) on The Range Grill & Tap, LLC; (Report #16-16249) on Pal Joey's Batavia, Inc.; and (Report #16-16262) on Wilson Street Tavern; and they all are current liquor licensees in good standing in the City of Batavia. Pursuant to our Liquor Code (Section 3-3-15 G.) They have all applied for a Class G Special Use License for an event where they will serve alcohol off their current premises. Specifically, the event is the Downtown Block Party for Batavia Main Street on Sunday, September 4, 2016 from 4 p.m. to 10 p.m. at the Riverwalk, Peg Bond Center.

We have found no problems which would preclude any of the above licensees from receiving a Class G Outdoor Liquor License for this event.

I would ask that this be put on the next City Council agenda for approval on Monday, August 15, 2016. Should you have any questions in this regard, please contact me.

PC: Liquor File  
Deputy Chief Autenrieth  
Detective Bretz

# CITY OF BATAVIA

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**MEMO TO:** Laura Newman  
City Administrator

**FROM:** Daniel M. Eul   
Deputy Police Chief

**DATE:** August 11, 2016

**SUBJECT:** Liquor License Application for Pal Joey's Batavia, Inc.  
For Verizon Half Madness Half Marathon – 08/28/2016

The Batavia Police Department has conducted an investigation and background check (Report #16-16250) to determine whether the corporation (Pal Joey's Batavia, Inc.), d.b.a. Pal Joey's Restaurant, 31 No. River St. and the corporate officer (President– John P. Hamel) might be suitable to receive a Class G 1-day outdoor liquor license in the City of Batavia for a special event (Verizon Half Madness Half Marathon), which will be held within the City of Batavia on Sunday, August 28, 2016. We have found no problems which would preclude the corporation or corporate officer from receiving a liquor license as of this date.

I would ask that this be put on the City Council agenda on Monday, August 15, 2016 for approval. Should you have any questions in this regard, please contact me.

PC: Liquor File  
D/C Autenrieth  
Detective Bretz

# CITY OF BATAVIA

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**MEMO TO:** Laura M. Newman  
City Administrator

**FROM:** Gary J. Schira  
Chief of Police



**DATE:** August 10, 2016

**SUBJECT:** Liquor License Application for Batavia Artists Assn. at Water Street Studio  
For the Batavia House Walk After Party on September 25, 2016

The Batavia Police Department conducted an updated investigation and background check (Report #16-16337) to determine whether the corporation (Batavia Artists Assn./Water Street Studio), a not for profit corporation located at 160 S. Water St. and the Manager (Jaime Gutierrez) might be suitable to receive a 1-day temporary Class F liquor license in the City of Batavia for a special event (Batavia House Walk After Party) to be held at the Water Street Studios, 160 S. Water Street on Sunday, September 25, 2016 from 3 p.m. to 6 p.m. . We have found no problems which would preclude the corporation or Manager from receiving a liquor license as of this date. Water Street Studios has also asked that all fees be waived.

Please approve this request at the Monday, August 15, 2016 City Council meeting. If you should have any questions, do not hesitate to contact me. Thank you for your continued support.

PC: Liquor File  
Deputy Chief Autenrieth  
Detective Bretz