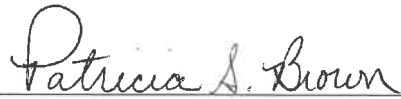


NOTICE OF SPECIAL CITY COUNCIL MEETING

NOTICE IS HEREBY GIVEN that the City Council of the City of Washington will meet in special session on Monday, March 13, 2017 at 6:30 p.m. in the Library Meeting Room at Five Points Washington, 360 N. Wilmor Road, for the purposes stated below.

Dated this tenth day of March, 2017



Patricia S. Brown, City Clerk

**CITY OF WASHINGTON
SPECIAL CITY COUNCIL MEETING
MONDAY, MARCH 13, 2017 – 6:30 P.M.**

**LIBRARY MEETING ROOM
380 N. WILMOR ROAD
WASHINGTON, ILLINOIS**

AGENDA

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. PLEDGE OF ALLEGIANCE**
- 4. AUDIENCE COMMENTS**
- 5. BUSINESS ITEM**
 - A. Resolution: Accepting Membership as a Member of the Quad Cities Health Insurance Pool (QCHIP) Sub-Pool which is a Member of the Intergovernmental Personnel Benefit Cooperative
 - B. Ordinance (First Reading): Authorizing an Intergovernmental Agreement with the Intergovernmental Personnel Benefit Cooperative *(request to waive second reading)*
- 6. ADJOURNMENT**

The regularly scheduled Committee of the Whole meeting will begin immediately following this special City Council meeting.



City Council Memorandum

To: Mayor Manier & City Council
From: Jim Culotta, City Administrator
Date: 3/13/17
Re: Discussion & Possible Motion on the Intergovernmental Personnel Benefit Cooperative (IPBC)

BACKGROUND

At my request, representatives of the IPBC made a presentation to the Finance & Personnel Committee last December. The Committee asked for a similar presentation to be made before the Committee of the Whole on January 9th. Following the IPBC presentation, the Committee of the Whole directed Staff to seek input from the employee Health Insurance Committee. That committee discussed IPBC on three occasions and made a recommendation to join the IPBC at their March 8th meeting.

SUMMARY

As detailed in the attached documents, the IPBC is an entity created under state law that allows municipal groups to join together for the propose of providing health insurance. There are currently over 100 municipal groups in Illinois that have joined the IPBC. The IPBC is not a health plan, but rather a financial mechanism and partnership among local governments that provides economy of scale and risk pooling. Members of the IPBC retain the right to create and change their health plan design. Networks that would be available to the City include United Healthcare's PPO and BlueCross BlueShield's HMO. Major hospitals in our area would still be available to us.

Staff has done a great deal of research, including reference checks with nearly 10 comparably sized municipalities. We found that current IPBC members are satisfied with the administration of the pool and the financial benefits have been as advertised. Based on an IPBC quote, Controller Baxter estimates the City will save 2% (\$35,595) annually. IPBC also issues dividends and projects the City to receive \$32,500 annually.

Joining the IPBC is only an annual commitment and the City has the right to leave the IPBC if it's not meeting our needs. Because the City has less than 150 employee lives, the City would need to join an IPBC subpool (the Quad City Health Insurance Pool). As such, City claim exposure between \$0-\$35k would be shared with subpool members rather than borne solely by the City as it is today. All claims over \$35k (including those \$125k and higher) would be shared by all IPBC members rather than borne solely by the City, and the City would no longer be exposed to possible lasers from our stop-loss carrier for catastrophic claims.

RECOMMENDATION

Based on projected savings, reduced financial risk to the City, and the favorable recommendation of the employee Health Insurance Committee, I request the City Council join the IPBC.

In order to begin coverage through the IPBC when our current plan year ends on July 1, 2017, adoption of the attached resolution and ordinance is needed prior to March 15th. Ald. Brucks requests waiving of the 2nd reading of the ordinance.

ATTACHED

1. January 2017 Committee of the Whole meeting minutes
2. Resolution Accepting Membership to the Quad City Health Insurance Pool, an IPBC subpool
3. Ordinance: Intergovernmental Agreement Contract and By-Laws

**COMMITTEE OF THE WHOLE
MONDAY – JANUARY 9, 2017
LIBRARY MEETING ROOM - 380 N. WILMOR ROAD
WASHINGTON, ILLINOIS**

Mayor Manier called the Committee of the Whole meeting of January 9, 2017 to order at 6:30 p.m. in the Library meeting room at Five Points Washington.

Present: Aldermen Brucks, T. Gee, Moss, Butler, Dingledine, and Moehle.

Absent: Aldermen J. Gee and Brownfield.

Also present: City Administrator Culotta, Public Works Director Andrews, Controller Baxter, P & D Director Oliphant, Master Sergeant Stevens, City Treasurer Dingledine, and City Clerk Brown.

MINUTES

1. Aldermen wishing to be heard on non-agenda item – None.
2. Citizens wishing to be heard on a non-agenda item – None.
3. Approval of Minutes: Alderman Dingledine moved and Alderman T. Gee seconded to approve the minutes of the December 12, 2016 Committee of the Whole meeting. Motion carried unanimously by voice vote.

4. **BUSINESS ITEMS**

- A. Presentation: Intergovernmental Personnel Benefits Cooperative (IPBC), Health Insurance – Mr. Dave Cook, Executive Director, and Mr. Gregg Aleman both with Arthur J. Gallagher & Co., each provided a brief background of themselves. Mr. Aleman provided the following information: this cooperative is just a different way of purchasing employee health insurance; we take communities out of the risk business; we show a 5-year funding plan where we keep your current plan the same to all the employees; as a partner you would have the same rights that all the other 115 member communities have, which is to control your own plan design; we do this all through joint purchasing; we have 115 communities doing shared services this way; we are a member organization driven by doing more with less where members have an active voice as owner partners; and you will have control of your plan where you will see an average of a 2.3% increase which will free up more money for capital improvements, etc. Mr. Cook shared that there are over 5,000 employees that they cover statewide where they can negotiate contracts with better rates saving everyone money. Mr. Aleman shared that as an owner partner nothing has to change as we are only talking about financing the plan. He then went over the PPO rate history noting the medical trend is currently at 8% and will likely go up in the next 10-days, where they have averaged 2.34% over the last 5-years. He went over IPBC's individual member PPO rate 5-year history indicating that they would be giving us a 5-year path to funding. He shared the majority of the communities received an average renewal that is +/- 3% of the IPBC average and five communities outperformed receiving an average renewal that is at least 3% lower than the IPBC average. He then went over the banded layer sheet showing banded claims between \$35K and \$125K YTD for July 2013 through June 2014. He shared that they identify catastrophic events and build it into rates and give everyone the pool average rate, which is turned into a fixed cost. He shared their company's differentiators, noting the following: we are proactive; we port and retain plan designs; access to information and data; dedicated municipal service team; budgetable, predictable, stable, and flexible; full disclosure and transparency; and intangibles by working with other communities that are in the same boat of doing more with less. Mr. Cook shared they took City of Washington's 5-year average at 5%, compared it to what their actual average had been trending at 2.34%, and over the 5-years there is roughly \$800K we would not spend because of the premium differential with a little over \$100K as actual savings that come back as dividends each year. He shared that they have averaged over the last 10-years a 7% dividend return each year so the 5% is a conservative number. He shared that if

the trend holds Washington could see a \$936K in actual savings over the 5-years. Controller Baxter asked if there would be a problem with our July 1st plan year, and it was confirmed that it would not be a problem. Mr. Cook shared that their rates are locked in and Mr. Gregg shared that they are guaranteed, that no one has to fill out a form, and they do that with every community and everyone gets treated the same. Mr. Cook shared that IPBC should be looked at as a long-term investment for all the members and as they continue to increase their membership it is a win for everyone because of more bargaining power, more lives, more predictable, and more stability. Mayor Manier asked for them to elaborate a little more from the union perspective. Mr. Gregg shared that they would take the plan we have now and duplicate it with either Blue Cross Blue Shield or United Healthcare, whichever one the City chooses to go with. They accommodate deductibles and out of pockets so no one is disaffected by the change. Mr. Cook shared that one of their most complex is the City of Des Plaines and they have 8 different union plans plus a couple of non-union plans and have accommodated them all. A brief discussion ensued surrounding how they are able to offer this service in today's insurance market and how intergovernmental cooperation plays a key role in keeping costs down. Following discussion, it was the general consensus to bring this item to the Health Insurance Committee for review. Mr. Cook shared that in order to take advantage of the July 1 entry, approval would need to be done at their scheduled March 24th meeting.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF WASHINGTON
ACCEPTING MEMBERSHIP AS A MEMBER OF
THE QUAD CITIES HEALTH INSURANCE POOL (“QCHIP”) SUB-POOL
WHICH IS A MEMBER OF THE
INTERGOVERNMENTAL PERSONNEL BENEFIT COOPERATIVE.**

WHEREAS, a number of Illinois municipalities have entered into an intergovernmental agreement to create an entity, which is to provide health and other related benefit coverages for the offices and employees of the Members of the QCHIP Sub-Pool; and

WHEREAS, the QCHIP Sub-Pool has chosen to provide such coverage by becoming a Member of the Intergovernmental Personnel Benefit Cooperative; and

WHEREAS, the City of Washington, by the action of its Corporate Authorities, desires to become a Member of the QCHIP Sub-Pool;

NOW, THEREFORE, BE IT RESOLVED BY THE CORPORATE AUTHORITIES OF THE CITY OF WASHINGTON, TAZEWELL COUNTY, ILLINOIS, as follows:

SECTION 1: The City of Washington, as of the starting date at which admission to membership was or is granted by the QCHIP Sub-Pool, 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 QCHIP Sub-Pool in the acceptance motion and, in the acceptance motion under which the QCHIP Sub-Pool was admitted to the IPBC, and the contractual obligations under the terms of the Contract and By-Laws of the QCHIP Sub-Pool as such document currently exists and as it may be amended in accordance

with its terms. The Corporate Authorities of the City of Washington herein assumes such terms and conditions.

SECTION 3: The Mayor is hereby directed to execute any documents necessary to indicate the membership of this municipality in the QCHIP Sub-Pool.

SECTION 4: This Resolution shall be in full force and effect upon its passage in the manner provided by law.

PASSED this _____ day of _____, 2017.

AYES:

NAYS:

ABSENT:

CERTIFIED AS TO CORRECTNESS:

Mayor

ATTEST:

City Clerk

ORDINANCE NO. _____

Synopsis: The following ordinance would approve and authorize the execution of an intergovernmental agreement between the City of Washington and the Intergovernmental Personnel Benefit Cooperative (aka IPBC) for the purpose of pooling health insurance risk and expenses. Approval of this agreement indicates the City's acceptance of the IPBC By-Laws for their Quad City Health Insurance Pool.

AN ORDINANCE AUTHORIZING THE MAYOR AND CITY CLERK TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF WASHINGTON, TAZEWEILL COUNTY, ILLINOIS AND THE INTERGOVERNMENTAL PERSONNEL BENEFIT COOPERATIVE.

WHEREAS, the City of Washington and the Intergovernmental Personnel Benefit Cooperative (IPBC), an entity created under Illinois state laws, seek to enter into an Agreement for the provision of insurance; and

WHEREAS, the City of Washington stands to benefit financially by participating in the IPBC through the economy of scale and risk pooling offered through participation in the Quad City Health Insurance Pool; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WASHINGTON, ILLINOIS, as follows:

Section 1. That the Agreement between the City of Washington, Tazewell County, Illinois, and IPBC, a copy of which is attached hereto, marked "Contract and By-Laws for the Quad City Health Insurance Pool" and by reference expressly made a part hereof, be, and the same is hereby approved.

Section 2. That the Mayor and City Clerk of the City of Washington be, and hereby are authorized, empowered and directed to enter into and execute said Agreement on behalf of the City of Washington in substantially the form of the document attached hereto, marked "Contract and By-Laws for the Quad City Health Insurance Pool," and by reference expressly made a part hereof, and to make, execute and deliver any and all documents necessary for the effectiveness thereof.

Section 3. That this Ordinance shall be in full force and effect from and after its final passage by the City Council of the City of Washington, Tazewell County, Illinois.

PASSED AND APPROVED in due form of law at a regular meeting of the City Council of the City of Washington, Tazewell County, Illinois, on the _____ day of _____, 2017.

Ayes: _____

Nays: _____

Mayor

ATTEST:

City Clerk

**CONTRACT AND BY-LAWS
FOR THE
QUAD CITY HEALTH INSURANCE POOL**

THIS INTERGOVERNMENTAL AGREEMENT creating the Quad City Health Insurance Pool ("QCHIP") is made and entered into by and between the City of East Moline, the City of Colona and such other MEMBERS as shall subsequently be approved and which shall adopt this Contract and By-Laws document in its present form or as it may subsequently be amended.

W I T N E S S E T H :

WHEREAS, Section 10 of Article VII of the Illinois Constitution of 1970 authorizes units of local government to contract or otherwise associate among themselves in any manner not prohibited by law or by ordinance; and

WHEREAS, 5 ILCS 120, et seq., Illinois Compiled Statutes, 2014, as amended, entitled the "Intergovernmental Cooperation Act," authorizes units of local government to exercise any power or powers, privileges or authority which may be exercised by the unit of local government individually to be exercised and enjoyed jointly with any other local government or body in the State; and

WHEREAS, units of local government within Illinois have found it increasingly expensive to provide health and life insurance benefits to their officers and employees; and

WHEREAS, a large number of local governmental entities previously undertook a series of studies to determine the feasibility of entering into an Intergovernmental Personnel Benefit Cooperative for the purpose of administering some or all of the personnel benefits programs offered by its

member units of local government to their respective officers and employees, and concluded that the creation of such a Cooperative was financially and administratively feasible; and

WHEREAS, the corporate authorities of a number of units of local government have organized the Intergovernmental Personnel Benefit Cooperative, ("IPBC"), and have adopted a combined Contract and By-Laws for such Agency; and

WHEREAS, the Contract and By-Laws of the IPBC ("IPBC By-Laws"), as amended, allows combinations of units of local government, to contract with each other to create an intergovernmental benefit subpool with the rights and powers equivalent to that of a single member of IPBC; and

WHEREAS, the MEMBERS desire to create the Quad City Health Insurance Pool, hereinafter referred to as the "QCHIP;" and

WHEREAS, the MEMBERS, with this Agreement, are desirous of establishing their mutual rights and obligations with respect to their membership in QCHIP and with regard to the IPBC;

NOW, THEREFORE, in consideration of the foregoing recitals and of the covenants and conditions hereinafter contained, the adequacy and sufficiency of which the parties hereto hereby stipulate the parties agree, as follows:

1. Incorporation of Recitals

The recitals contained hereinabove are incorporated herein by reference as substantive provisions of the Agreement.

2. Participation

The membership of QCHIP shall consist of those Charter Members which are parties to this Agreement plus any other governmental entity admitted to membership as a MEMBER from

time-to-time, less any MEMBER which withdraws or is expelled from QCHIP in accordance with the provisions of this Agreement. MEMBERS of the QCHIP may also add listed entities as defined in the IPBC By-Laws. The MEMBER who lists other entities to its membership shall be the sole MEMBER of the QCHIP and shall be responsible for all costs and duties of membership provided herein. The MEMBER may make such arrangement as is desired with the listed entities regarding the manner of payment, sharing of risks and duration of such arrangement. Such arrangement is not a part of this Agreement. The admission of new MEMBERS and their listed entities and the listing of additional entities by any MEMBER shall take place only after a favorable two-thirds (2/3) vote of the entire membership of the Board of Directors of QCHIP and subject to the payment of such sums and under such conditions as the Board shall in each case or from time-to-time establish. Such conditions may include participation in or benefit from any HMO or indemnity plan surpluses. In addition to the approval of the QCHIP Board of Directors, the admission of such new MEMBER or listed entity must be approved by the Board of Directors or the Executive Committee of the IPBC prior to the admission of such prospective MEMBER or such listed entity.

3. Representation

Each MEMBER shall, by majority vote of its corporate authorities, appoint one (1) person as delegate to represent that MEMBER on the Board of Directors of QCHIP for a term of one (1) year or until a successor is selected. An alternate delegate may also be appointed to serve when the primary delegate is unable to carry out his duties. Neither the delegate nor the alternate need be an elected official. The failure of a MEMBER to appoint a delegate or the failure of the delegate to participate shall not affect the responsibilities or duties of a MEMBER under this Agreement. At its first meeting of each plan year, of QCHIP, the Board shall elect one (1) delegate to serve as

both Chairperson of the Board and representative to the IPBC. An IPBC alternate representative shall also be elected. The term of office for the Chairperson and other officials shall be for a period of one (1) year, or until a successor is selected. The Board may, from time-to-time, establish other offices and may select a delegate to serve in any of such offices. The Board may fill any vacancies which may occur in such offices until the end of the term.

4. Responsibility of the Board of Directors

The Board of Directors shall determine the general policy of QCHIP with respect to QCHIP membership in IPBC, as well as the relationship between QCHIP and its MEMBERS. Policies established by the Board of Directors shall be followed by the representative and/or alternate representative to IPBC. In the absence of the establishment of a specific policy regarding a matter, the representative and/or alternate representative shall vote in that manner believed to best represent the interests of the majority of the MEMBERS.

No one serving on the Board of Directors shall receive any salary or other payment from QCHIP and any salary, compensation, payment or expenses for such delegate shall be paid by each MEMBER separate from this Agreement.

5. Voting

Each MEMBER shall be entitled to one (1) vote on the Board of Directors. Such vote may be cast only by the designated delegate or the alternate. Proxy or absentee voting shall not be permitted, although the Board of Directors may approve of electronic participation in accordance with law. Voting shall be conducted according to the following procedures:

- a. A quorum shall consist of a majority of the delegates of the MEMBERS then in office. A simple majority of a quorum shall be sufficient to pass upon all matters except as otherwise provided herein.
- b. Voice voting shall be permitted unless one (1) or more MEMBERS requests a roll call vote or the vote requires greater than a majority vote for passage.
- c. A two-thirds (2/3) affirmative vote of the entire membership of QCHIP shall be required to withdraw as a MEMBER of IPBC in accordance with Section 11 of this Agreement, to admit a new MEMBER or listed agency or expel a MEMBER or listed agency, to amend this Agreement, and such other matters as the Board shall establish as requiring a two-thirds (2/3) affirmative vote, provided that such a rule can only be established by at least a two-thirds (2/3) affirmative vote, of the entire membership.
- d. Any amendments to this Agreement which involve the manner in which the QCHIP shall function as a MEMBER of the IPBC or the financial obligations of the QCHIP or its MEMBERS to the IPBC shall not become effective after passage by the Board of the QCHIP unless such amendment is also approved by a two-thirds (2/3) affirmative vote of the IPBC Board.

6. Meetings

Meetings of the Board of Directors shall be held at least two (2) times a year. The dates of meetings of the Board shall be established by the Chairperson in consultation with the membership. Special meetings may be held at the call of the Chairperson or by any delegate. Any item of business may be conducted at a regular meeting. Business conducted at special meetings shall be

limited to those items specified in the agenda. Ten (10) days' written notice of regular or special meetings shall be given to the delegates of each MEMBER by the Chairperson in consultation with the membership or the convening authority. The time, date and location of regular and special meetings of the Board of Directors shall be determined by the Chairperson of the Board of Directors or by the convening authority.

To the extent not contrary to this Agreement, and except as modified by the Board of Directors, Robert's Rules of Order, Latest Edition, shall govern all meetings of the Board of Directors. Minutes of all regular and special meetings of the Board of Directors shall be sent to all delegates of the Board of Directors and to each MEMBER and to the Chairman of the IPBC.

7. Finances

A. The QCHIP shall be considered a single MEMBER of IPBC, (as defined in IPBC By-Laws), for purposes of determining its required contribution to the IPBC. Each separate MEMBER of QCHIP shall be responsible for its share in the cost of membership in IPBC, which cost shall be in direct proportion to the number of employees, officers and other covered persons of the MEMBER whose benefit programs are to be administered by IPBC as compared to the total number of such persons in QCHIP, along with uniform method to determine differences in benefit plans and claims history and obligations of Members to contribute to payments and cost of collective self-insurance divided among the MEMBERS under formulas approved by the IPBC Board of Directors. Proposed changes in benefit plans must be approved by QCHIP and subject to the review and approval process in Article IX of the IPBC By-Laws.

B. The QCHIP is responsible for all payments due from each of its MEMBERS. Payments may be made to a MEMBER acting as an agent for payments to the IPBC or, with the

approval of the IPBC, from individual MEMBERS to the IPBC. In the event that a MEMBER of the QCHIP should default in any payments due to the IPBC, it shall be the responsibility of the non-defaulting MEMBERS, in proportion to their payments to the QCHIP, to make up the deficit, including costs of collection, after which they may take any action required to recoup their advances. In case all MEMBERS are in default or the QCHIP should dissolve, each shall be liable for its proportional share of the default or owed amounts, plus any costs in collection. Each separate MEMBER shall promptly pay to the agent for the QCHIP or to the IPBC such monthly, supplementary or other payments as shall be due the IPBC. Payments shall be due within thirty (30) days after written notice from the IPBC of the amounts due.

In the event that a MEMBER of the QCHIP should default in its financial obligations, both the QCHIP and the IPBC shall have the right to take action to recover such funds as are owed plus interest at the highest rate which may be paid by an Illinois non-home rule municipality and the costs of collection.

8. Obligations of MEMBERS

The obligations of each MEMBER to QCHIP and to IPBC shall be, as follows:

- a. To promptly pay all monthly and supplementary or other payments due to IPBC at such times and in such amounts as shall be established by IPBC within the scope of this Agreement and the IPBC By-Laws. The MEMBER shall also be responsible for all payments, costs and expenses established from time-to-time by the Board of Directors of the QCHIP, within the scope of this Agreement. Any delinquent payments shall accrue a penalty, which, for a period of non-payment,

shall be equivalent to the highest interest rate allowed by statute to be paid by an Illinois non-home rule municipality plus collection costs.

- b. To appoint a delegate and an alternate on the Board of Directors of QCHIP.
- c. To allow IPBC and QCHIP reasonable access to all facilities of the MEMBERS and all records, including but not limited to financial records which relate to the purpose and powers of IPBC and QCHIP.
- d. To furnish full cooperation to IPBC and QCHIP attorneys, claims adjusters, the Benefit Administrator or Executive Director and any agent, employee, officer, or independent contractor, of IPBC and QCHIP relating to the purpose and powers of IPBC and QCHIP.
- e. To report to IPBC as promptly as possible all claims made to it within its benefit program as administered by IPBC.

9. Reserve Fund

The QCHIP shall establish accounts in the IPBC Terminal Reserve Fund, the Administration Fund, the HMO Fund and other established funds, (the "Reserve Funds"), for the purpose of establishing a pool of funds to be used to pay for deficits in annual contributions and setting aside funds in the event that one or more MEMBERS decides to withdraw from membership in the QCHIP. A separate accounting shall be established to determine each individual Member's balance within the IPBC Funds. The exact amount of the Reserve Funds balance for each MEMBER will be determined after the audit is approved by the IPBC Board. If, after the audit process has been completed, a Reserve Fund balance below the amount specified above for one or more MEMBERS occurs, those MEMBERS with a Reserve Fund balance below

the amount specified above must pay, within 150 days after the audit has been approved, an amount directly to the delinquent Reserve Fund or Funds to cover the shortfall. New MEMBERS to the QCHIP shall, as a condition of membership, provide an amount equal to two (2) times the average monthly payment based on the current plan year rates for HMO coverage and three (3) times the average monthly payment for indemnity plan coverage. Payment shall be made to reach this reserve level by the end of the second full fiscal year of membership. If QCHIP Members leave this subpool before all such funds have been paid to the IPBC, the IPBC may choose to withhold the payment to any QCHIP Member of claims in the amount of the deficiency.

If one or more MEMBERS chooses to withdraw from the QCHIP, the fair share of their Reserve Funds shall be used to pay its “run-out claims,” with any surplus funds paid to it after all sums due IPBC and QCHIP associated with its participation have been paid. If the amount on deposit in the Reserve Funds of the withdrawing MEMBER is not adequate to pay its “run-out claims,” then the Reserve Funds of the remaining MEMBERS may be drawn down in a proportional manner to cover any shortfall prior to the withdrawing MEMBER fulfilling its contractual obligation to cover the shortfall or the IPBC may terminate paying such claims until the required Reserve Fund payments are made.

11. Withdrawal/Termination

- A. The QCHIP shall be obligated to continue as a MEMBER of the IPBC during the term as established by the Board of Directors of IPBC. The current term of the IPBC, itself is through June 30, 2025. 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 any health benefits when it became a MEMBER of QCHIP. Provided, however, a MEMBER shall only be required to provide continued participation for those persons within said classes of officers and employees as are actually employed or working for the MEMBER or as otherwise permitted to its MEMBERS by the IPBC.

Any MEMBER of the QCHIP may withdraw from membership by giving written notice of such intention to withdraw to all other MEMBERS of QCHIP, and to the Chairman of the IPBC at least one hundred twenty (120) days prior to commencement of the then next fiscal year of the IPBC. Withdrawal from Membership can only take place at the end of a fiscal year of the IPBC. Failure to give such notice shall obligate the MEMBER to continue as a MEMBER of QCHIP for the next fiscal year except where QCHIP withdraws from IPBC, IPBC terminates or the IPBC declines to permit the QCHIP to remain within the COOPERATIVE, with a reduced membership or for any other reason permitted under the IPBC Contract and By-Laws. Withdrawal by QCHIP shall only be made to take effect at the end of the then-current fiscal year in the same manner as other MEMBERS of the IPBC.

- B. If a MEMBER should withdraw from the QCHIP, no benefit claims of the MEMBER shall be processed or paid by the IPBC after the close of the plan year in which withdrawal takes place, unless the MEMBER of QCHIP shall in order to receive such services provide funds or there are Reserve Funds applicable to the MEMBER available to pay said claims.
- C. A final accounting of the withdrawing MEMBER's fair share of its Reserve Funds shall occur during the audit process for the last plan year that the withdrawing MEMBER was a MEMBER of the QCHIP. After all amounts to the IPBC, if any, are paid, all remaining funds shall be refunded to the withdrawing MEMBER or, if that MEMBER is still in

default, then to the QCHIP within thirty (30) days after the aforementioned audit is approved.

- D. In the event that a non-appealed or appealable order of a court in a case in which IPBC is a party should decide that the QCHIP may not be a MEMBER of the IPBC, then this Agreement shall terminate, provided, however, that to the extent permitted by law, the termination shall take place in accordance with Paragraph 11-B hereof.

12. Expulsion of MEMBERS

By the vote of two-thirds (2/3) of the entire remaining membership of the Board of Directors of the QCHIP, 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 QCHIP or the IPBC.
- b. Failure to furnish full cooperation with the IPBC's attorneys, claims adjusters, Benefit Administrator and any agent, employee, officer or independent contractor of the IPBC or QCHIP relating to the purpose and powers of the IPBC or QCHIP.
- c. Failure to carry out any obligation of a MEMBER which impairs the inability of the QCHIP to carry out its purposes and powers.

No MEMBER may be expelled except after notice from the QCHIP 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 fifteen (15) day period, may request a hearing before the Board before any decision is made as to whether the expulsion shall take place. The Board shall set the date for a hearing which shall not be less than fifteen (15) days after the expiration of the time to cure has passed. The Board may appoint a hearing officer to conduct such hearing and make a

recommendation to the Board based upon findings of fact. If the Board conducts the hearing itself, it may make a decision at the close of the hearing. A decision by the Board to expel a MEMBER after notice and hearing and a failure to cure the alleged defect shall be final unless the Board shall be found by a court to have committed a gross abuse of discretion. After expulsion, the former MEMBER shall continue to be fully obligated for any payment to the IPBC or the QCHIP, which was created during the term of the administration of its claims along with any other unfulfilled obligation as if it was still a MEMBER of the QCHIP.

The obligation of the IPBC 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 such obligations shall only exist where there is a credit balance held by the IPBC to the account of the QCHIP or such a credit balance is created. The IPBC shall not be required to pay any benefits for the expelled MEMBER after the actual date of expulsion if a deficit in amounts owed to the IPBC should exist at any time during the thirty (30) day period. Within sixty (60) days after the last claim of the MEMBER is paid by the IPBC, a final accounting of funds owed or owing shall take place. Pending claims and other records of the expelled MEMBER shall be turned over to that MEMBER in a prompt manner. With regard to any claims payable under an HMO program, where the IPBC has entered into a contract with the HMO provider to pay continuing benefits after termination, the expelled MEMBER shall be required to pay all amounts in excess of those within its Reserve Funds and, pending such payments, the QCHIP shall be responsible for making the payment or reimbursing the IPBC.

In the event that the Board of the IPBC should vote to expel the QCHIP from membership so long as a particular municipality or listed entity was a MEMBER of the QCHIP, that MEMBER

or listed entity shall be deemed to have been expelled from the QCHIP in the same manner as if the QCHIP Board had taken that action.

13. Acceptance of Contract and By-Laws of the Intergovernmental Personnel Benefit Cooperative

The Charter Members and other MEMBERS, by agreeing to be bound by this Intergovernmental Agreement, hereby agree to accept the terms and conditions contained within the Contract and By-Laws of the IPBC, as of the date of this Agreement and as amended from time-to-time, except that the IPBC By-Laws may not be amended to require from the QCHIP duties or responsibilities different from the other MEMBERS of the IPBC and not initially contained within this Agreement or amendments thereto, agreed to by the QCHIP, by action of the Board of Directors.

14. Commencement of Agreement

This Agreement shall be in full force and effect and legally binding upon the signatory MEMBERS as of the date of its passage by the corporate authorities of the Charter Members and the approval by the Board of Directors of the IPBC.

15. Contractual Obligation

This Agreement shall constitute the contract among those units of local government which become MEMBERS of the QCHIP. The obligations and responsibilities of the MEMBERS set forth herein, including the obligation to take no action inconsistent with this Agreement as originally written or validly amended, shall remain a continuing obligation and responsibility of the MEMBERS. The terms of this Agreement may be enforced in a court of law or equity either by the QCHIP itself, by any of its MEMBERS or by the IPBC. A 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 the MEMBERS and anticipated reduction of administrative costs for the processing of personnel benefits. That except to the extent of the financial contributions to the QCHIP and the IPBC agreed to herein, or such additional obligations as may come about through amendments to this Agreement, no MEMBER agrees or contracts herein to be held responsible for any claims of any kind against any other MEMBER outside of the scope of the QCHIP or the IPBC.

16. Entire Understanding

This Agreement sets forth the entire understanding of the parties and may only be amended as provided for herein.

17. Assignment

This Agreement shall not be assigned by any party hereto.

18. Counterparts

This Agreement is executed in multiple counterparts, each of which shall be deemed to be an original.

19. Governing Law

This Agreement shall be governed in accordance with the laws of the State of Illinois.

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

DATED: _____

SIGNATURE: _____

PRINTED NAME: _____

TITLE: _____

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