

Illinois Municipal League

RMA

Risk
Management
Association

**Intergovernmental
Cooperation
Contract**

AUTHORITY TO EXECUTE CONTRACT

This Contract is entered into pursuant to the provisions of the 1970 Illinois Constitution Article VII, Section 10, entitled "Intergovernmental Cooperation" and the powers contained in Chapter 5, Act 220 of the Illinois Compiled Statutes 2000, entitled "Intergovernmental Cooperation Act."

WITNESSETH:

WHEREAS, the public interest requires and it is to the mutual interest of the parties hereto to join together to establish and operate a cooperative program of risk management and loss coverage for municipal operations; and

WHEREAS, the operation of such a cooperative program is of such magnitude that it is necessary for the parties to this Contract to join together to accomplish the purposes hereinafter set forth; and

WHEREAS, each of the public entities which is a party to this Contract has the power to establish and operate a program of risk management; and

WHEREAS, each of the parties to the Contract desires to join together with the other parties for the purpose of creating self-insured reserves against losses and jointly purchasing excess insurance, reinsurance and administrative services in connection with a cooperative program of risk management.

NOW, THEREFORE, for and in consideration of the mutual advantages to be derived therefrom and in consideration of the execution of this Contract by the participating municipalities which are parties hereto, each of the parties hereto does agree as follows:

ARTICLE 1. DEFINITIONS

The following definitions shall apply to the provisions of this Contract and its By-Laws:

(a) "Association" shall mean the Illinois Municipal League Risk Management Association created by this Contract.

(b) "Board" and "Board of Directors" shall mean the governing body of the Association.

(c) "Claims management" shall mean the process of identifying, controlling and resolving demands by individuals or public entities to recover losses from any Member of the Association. Disposing of such demands for payment requires skills in insurance law, adjusting/investigation, loss control engineering and general business. Claims management is the function of supervising legal, adjusting, investigation and engineering services to resolve such demands.

(d) "Municipality" means any participating city, village or incorporated town situated in the State of Illinois which is a member of the Illinois Municipal League and is a party to this Contract.

(e) "Risk" as used in the Contract and By-Laws means any loss covered by the provisions of the policy terms which accompany this Contract.

(f) "Risk Management" shall mean the process of identifying, evaluating, reducing, transferring, and eliminating risks. Risk Management includes various methods of funding claims payments, and includes elements of insurance, law, administration, technology and general business utilized to effectively manage risks.

(g) "Risk Management Service" shall mean the management, administration and entire operation of the Cooperative programs of Risk Management of the Association.

(h) "Managing Director" means the individual who supervises the day-to-day operation of the Association.

ARTICLE 2. ASSOCIATION NAME

There is hereby created an entity, the full legal name of which shall be the "Illinois Municipal League Risk Management Association," and which may be referred to herein as the "Association." The principal office of the Association shall be the same as the principal office of the Illinois Municipal League which is located at 500 East Capitol Avenue, Springfield, Illinois.

ARTICLE 3. ASSOCIATION POWERS

(a) The Association shall have the power and the duty to establish and operate a program of Risk Management.

(b) The Association is authorized to make and enter into contracts necessary to accomplish the purposes of this Contract. The foregoing powers include, but are not limited to, the power to contract for excess insurance or reinsurance, provide claims administration services and provide consulting services, make inspections of participant facilities and administer a safety program.

(c) By this Contract the parties hereto through the Association agree to provide and pay the cost of all of the Risk Management Services described herein, to jointly obtain and pay the costs of premiums for excess insurance or reinsurance as may be found by the Board to be necessary from time to time, and to make contributions to the Association as required by this Contract.

ARTICLE 4. ADMINISTRATION

The Association shall be governed by its Board of Directors and the directions of the Board shall be carried out by the Managing Director, all as more fully described in the By-Laws of the Association.

ARTICLE 5. MEMBERS, TERMS, WITHDRAWAL, EXPULSION

(a) Each municipality which is a member of the Illinois Municipal League is eligible to join the Association.

(b) Each municipality which is a party to this Contract is a "Member" of the Association and is entitled to the rights and privileges and is subject to the obligations of Members, all as provided for in this Contract and the By-Laws.

(c) New Members shall be accepted upon application to the Association and acceptance by the prospective Member of the financial requirements and fund contribution requirements then in force and effect.

(d) A municipality which is a party to this Contract hereby agrees to remain a Member of the Association for not less than one (1) year. A Member may withdraw its membership for any year thereafter upon the giving of not less than one hundred twenty (120) days written notice to the Managing Director. No membership may terminate prior to the last day of December of any given year.

(e) A party to this Contract may be excluded from membership when it:

- (1) Fails to comply with the terms of the Contract or;
- (2) Fails to comply with a written term or condition imposed by a majority vote of the Board of Directors including the safety standards established by the Board.

(f) The Board may, by a majority vote, terminate and exclude the offending Member from any and all benefits of membership in the Association which shall include forfeiture of any and all monies theretofore paid by that Member or assessed against that Member.

(g) If a municipality withdraws or is expelled as a Member of the Association, any contributions of that Member remaining in the funds of the Association at that time shall be the property of the Association. If this Contract is finally terminated as to all parties which are then Members, any money or assets in possession of the Association after the payment of all liabilities, costs, expenses and charges incurred pursuant to this Contract shall be returned to those parties in proportion to their contributions thereto determined as of the date of termination.

ARTICLE 6. PLAN OF COVERAGE AND COST

Each Member hereby agrees to contribute to the Association a sum of money to be determined by the Association at the time of application based on the needs of the Association and the loss experience of the member, which sum shall constitute the cost of the Member's first-year contribution for membership in the Association. Membership contributions for second and subsequent years shall be calculated in accordance with the loss experience of the Member, and the needs of the Association including total losses and expenditures of the Self-Insured Retention Fund of the Association.

The Board shall determine if any Member has a risk or risks which the Board determines to be unusual or extraordinary. If it is determined that such a risk or risks exists and that the coverage of such risk will be unusual or extraordinary, the Board may at the option of the Member either increase the annual contribution of that Member or exclude the particular risk from coverage.

Each Member will be covered in its operations against risk of loss as described in this Contract and the coverage terms which accompany the Contract. Coverage will consist of: 1) a self-insured retention (S.I.R.), established by the Association from Member contributions, which will pay the amounts and be subject to the deductibles as set forth in the coverage terms; and 2) excess insurance or reinsurance coverage (to pay losses that exceed the S.I.R. limits set forth in the coverage terms) with limits as established by the Board of Directors.

Each year the Board shall determine the payments to be made by the members for the following year.

ARTICLE 7. LIMITATIONS ON LIABILITY COVERAGE

It is the intention of all participants in the Association that neither this Contract nor any coverage purchased by the Association shall extend to or provide coverage for any liability from which any Member is immune under the provisions of the Illinois Local Government and Governmental Employees Tort Immunity Act, as it is now constituted or may hereafter be amended.

ARTICLE 8. MANAGEMENT SERVICES

The Association will utilize the services, facilities and personnel of the Illinois Municipal League for Association purposes so long as it is practical and desirable in the opinion of the Board. It will reimburse the League for the actual cost of any such services, use of facilities or use of personnel.

In addition to paying the cost of services, facilities and personnel utilized from the League offices the Association will pay to the League an annual management fee as approved by the Board.

ARTICLE 9. PROHIBITION AGAINST ASSIGNMENT

No Member may assign any right, claim or interest it may have under this Contract, and no creditor, assignee or third party beneficiary of any member shall have any right, claim or title to any part, share, interest, funds, premium or asset of the Association.

ARTICLE 10. ENFORCEMENT

The Association and the parties hereto shall have the power to enforce this Contract by action brought in any court of law having proper jurisdiction. It is agreed that such a suit may be filed only in Sangamon County, Illinois.

ARTICLE 11. INVALIDITY

Should any portion, term, condition or provision of this Contract be determined by a court of competent jurisdiction to be invalid under any law of the State of Illinois or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions and provisions shall not be affected thereby.

ARTICLE 12. BY-LAWS INCORPORATED BY REFERENCE

The Association and its Members shall be subject to and governed by the By-Laws which are by this reference, made a part of this Contract.

ARTICLE 13. CONTRACT COMPLETE

The foregoing constitutes the full and complete Contract of the member municipalities. There are no oral understandings or agreements not set forth in writing herein. The Contract is binding on each Member of the Association.

ARTICLE 14. DATE CONTRACT EFFECTIVE

This Contract shall become effective upon the occurrence of the following events: (1) each Member executing a copy of the Contract; (2) each Member depositing with the Association the contributions required by this Contract; and (3) determination being made by the Board that a sufficient number of Members have subscribed and contributions been made to fund the cost of providing the services and benefits required under the Contract. Each Member which has agreed in writing to become a party of this Contract shall be bound to continue as a Member for the minimum period set forth in this Contract and thereafter may withdraw only as provided by this Contract and the By-Laws adopted by the Association.

Each municipality which is a Member of this Association agrees upon the execution of the Contract to appropriate each year, by ordinance, a sum of money sufficient to pay all charges and assessments set forth in Article 6 plus its pro rata share of any deficits which may occur in the Self-Insured Retention Fund.

ARTICLE 15. TERM OF AGREEMENT

This Contract shall continue in effect until it is rescinded by mutual consent of the parties hereto terminated in the manner provided herein or in the By-Laws.

ARTICLE 16. TERMINATION

This Contract may be terminated at any time on or after one (1) year from its effective date by a vote of two-thirds of the members of the Board of Directors. Remaining assets after the payments of all claims, and expenses and establishment of necessary reserves shall be distributed pro rata among the Members.

ARTICLE 17. AMENDMENT

This Contract may be amended upon the affirmative vote of two-thirds of the members of the Board. A copy of any amendment so approved shall be mailed to each member of the Association.

IN WITNESS WHEREOF, the parties hereto have entered into this Contract by the execution of a signature page which will be attached to the official master copy of this Contract and by the execution of a duplicate copy of the Contract which duplicate copy will be retained by the Member. The master copy shall be retained in the offices of the Association.

Executed by the _____ of _____
(City/Village/Town) (Municipality Name)

pursuant to Ordinance No. _____, Adopted and approved the ____ day of _____, 20____.

MAYOR or PRESIDENT

Attest:

CLERK



Illinois Municipal League Risk Management Association

Bylaws

Article I – Name and Purpose

Section 1.1. The Illinois Municipal League Risk Management Association (“RMA”) is established pursuant to the “Illinois Municipal League Risk Management Association Intergovernmental Cooperation Contract” (“Contract”).

Section 1.2. The purpose of the RMA is to provide a cooperative self-insurance and risk management program and system for Illinois municipalities that will reduce costs of coverage through effective loss control practices and combined purchasing power; reduce costs of claims administration services through central management, volume and combined purchasing power; achieve greater stability through size of combined membership, longer duration of agreements and effective loss control practices; reduce the amount and frequency of losses of members of RMA; improve control of sources of risk through the application of risk management and loss control techniques; and improve recovery from responsible third parties.

Section 1.3. The RMA promotes and embraces diversity and inclusion. For ease of writing and simplification of terms in these Bylaws, “he” shall be construed to be gender neutral and represent both males and females.

Article II – Membership

Section 2.1. Each municipality which is party to the Contract is a member of the RMA (“Member”). Any other municipality may become a Member by executing the Contract, paying its required premiums and assessments, meeting established safety and risk management standards, and being a member in good standing of the Illinois Municipal League (“IML”).

Section 2.2. Each Member shall:

- a) Provide necessary data to assist in obtaining necessary coverage.
- b) Establish and maintain a safety program and risk management program approved by the RMA.

c) Pay when due all assessments levied by the RMA Board of Directors.

Article III – Board of Directors

Section 3.1. Composition. The governing body of the RMA shall be the Board of Directors (“Board”).

The Board shall be composed of 7 voting members, who are officers of municipalities that are Members and who do not serve on the IML Board of Directors. These Board members shall be appointed by a majority vote of the IML Board of Directors to a one-year term. In addition, the IML Executive Director shall be an *ex officio* non-voting member of the Board and all committees.

Section 3.2. Duties and authority. The Board shall have general supervision of the affairs of the RMA and shall have the authority to expel existing Members upon a majority vote of the members of the Board.

Section 3.3. Board Meetings. The regular meetings of the Board shall be held coincidental to meetings of the IML Board of Directors or as otherwise provided by the Board. Meetings of the Board may be called by the Chairman, or the Managing Director upon written petition submitted by three members of the Board, and may be conducted in person or by telephonic or video means. Meetings of the Board shall be conducted pursuant to the most current edition of Robert’s Rules of Order. A quorum for the transaction of business by the Board shall consist of a majority of the members of the Board. Except as otherwise provided in the Contract or Bylaws, all decisions of the Board shall be made by a majority vote of those members present.

Section 3.4. Conflicts of interest. Whenever a voting member of the Board has a personal or financial interest in any matter coming before the board, the Board member shall fully disclose the nature of the interest and refrain from discussing, lobbying and voting on the matter. Any transaction or issue involving a potential conflict of interest shall be approved only upon an affirmative vote by a majority of the disinterested members of the Board present.

Article IV – Officers and their Duties

Section 4.1. Election. A Chairman and Vice Chairman of the RMA Board shall be elected from among the Board's membership following the annual appointment of the Board.

Section 4.2. Duties of the Chairman. The Chairman shall preside at all meetings of the Board and perform such other duties as may be required of him by the Board.

Section 4.3. Duties of the Vice Chairman. The Vice Chairman shall perform all duties as assigned to him by the Chairman and shall exercise the duties of the Chairman during the absence, inability, or refusal to act of the Chairman.

Section 4.4. Duties of the Managing Director. A Managing Director shall be appointed by the Board and shall manage the day-to-day affairs of the RMA under the general direction of the Board. He shall hire the employees of the RMA and shall be responsible for the proper and efficient administration of the RMA office. He shall prepare an annual budget, covering estimates receipts and disbursements of the RMA, and this budget shall be presented to the Board for its approval. He shall receive and disburse all RMA revenue, keeping an accurate account of all money belonging to RMA and shall annually submit to the Board a report of receipts and disbursements during the preceding fiscal year. This report shall be audited by a competent certified public accountant satisfactory to the Board. In general, he shall perform the duties usually incident to the Chief Executive Officer, as well as the office of secretary and treasurer. He shall furnish a satisfactory surety bond in an amount to be fixed by the Board, and the premium of this bond shall be paid out of the funds of the RMA. The Managing Director shall keep minutes of the Annual Business Meeting and all RMA Board meetings, issue notices of all meetings, and be responsible for all records of the RMA. He shall provide oversight and receipt of and collect all assessments, and recommend the expulsion of a member to the Board when necessary or appropriate.

Article V – Annual Business Meeting

Section 5.1. An Annual Business Meeting shall be conducted on a date to be selected by the Board.

Each Member shall have one (1) vote at the Annual Business Meeting upon which a vote is required, which must be cast in person by the Mayor, Village President or Town President, or by another official of that municipality designated by the Mayor, Village President or Town President. Such voting representatives shall register with the RMA prior to any Annual Business Meeting or special meeting. Special meetings of Members may be held as may be authorized by the Board upon thirty (30) days' notification to Members.

Article VI – Services

Section 6.1. Providing Risk Management Services. The Board shall provide for risk management services. Such services may be provided by RMA employees or an individual, a partnership, corporation or other suitable entity, which shall consult with and advise the Board regarding all aspects of risk management as set forth below.

Section 6.2. Scope of RMA Services. Services to be provided by RMA shall include, but not be limited to:

- a) Investigating, reporting on, settling and defending claims against Members.
- b) Monitoring the status of RMA programs and operations, Member losses and administrative and operational costs.
- c) Providing appropriate risk management counseling and information to Members.
- d) Preparing periodic reports to each Member detailing loss experience, desirable corrective actions and other information pertinent to risk management programs of the RMA.
- e) Advising Members on legislative developments affecting potential liability.

- f) Advising Members of the impact of proposed new or changed risk management programs.
- g) Assisting the Board in selecting coverage and the processing of claims.
- h) Selecting claims defense attorneys.
- i) Conducting risk management reviews as needed.
- j) Developing effective risk management and loss control procedures and advising Members on how to implement them.
- k) Establishing and monitoring effective safety programs.

Section 6.3. Payment for Risk Management Services. The fees for risk management services shall be paid in such manner as may be fixed and determined from time to time by the Board, as recommended by the Managing Director.

Article VII – Administration

Section 7.1. Fee. The RMA shall pay a fee to the IML, at a rate satisfactory to IML, for the use of the IML name.

Section 7.2. Premiums and Assessments. Each Member shall be charged premiums and assessments in accordance with the terms of the Contract.

Section 7.3. Payment of Claims. All claims against Members, shall, if approved by the Board, be paid as follows:

- a) Subject to applicable deductibles, all approved claims not exceeding the self-insured retention shall be paid by RMA from the self-insured retention funds.
- b) Claims in excess of the self-insured retention shall be paid from the proceeds of the excess insurance or reinsurance coverage in effect for RMA.
- c) Any claim exceeding the limits of the coverage referred to in paragraph b) of this Section shall be paid by the Member against which the claim was made.

Section 7.4. Audit. A copy of the required annual audit shall be made available to the chief executive officer of each Member.

Section 7.5. Notices.

a) Notice to RMA shall be given by delivery of such notice to the Managing Director in person, by U.S. Mail, or electronically at the office of the RMA.

b) Notice to Members shall be given by delivery of such notice to the main business office of each Member in person, by U.S. Mail, or electronically.

c) The principal office of the RMA is located at 500 East Capitol Avenue, Springfield, Illinois 62701. The main business office of each Member shall be the official business address of the Member.

Article VIII – Effective Date and Amendments

Section 8.1. The Bylaws shall be effective upon approval by the Board. These Bylaws may be amended at any time by a majority of the total number of voting members of the Board.