

**INTERGOVERNMENTAL PERSONNEL
BENEFIT COOPERATIVE AND
RESIGNING MEMBER OR RESIGNING SUB-POOL
MEMBER AGREEMENT ON TERMINATION MATTERS**

1. Withdrawal Action and Acceptance: The Corporate Authorities of the Village of Westmont (hereinafter the “Resigning Member” or “RM”), in a record vote, approved withdrawal from its membership in the Intergovernmental Personnel Benefit Cooperative or one of its Sub-Pools (hereinafter the “IPBC” or “Cooperative”), effective June 30, 2018. The RM has provided notice in writing to IPBC. The IPBC has accepted the RM’s notice of withdrawal, and the parties have entered into this voluntary Agreement to deal with issues relating to the termination.

2. Continuing Payments Until Withdrawal: The RM agrees to timely pay IPBC in the normal course of business the balance of its monthly premium and other standard payments at current rates for IPBC-sponsored coverages continuing through the withdrawal date. All normal benefits of Membership in the IPBC for the July 1, 2017 through June 30, 2018 fiscal year will be provided to terminating Members.

3. Termination of Use of IPBC’s Own Funds: If all of RM’s financial obligations are met, IPBC agrees to see to the process and payment, through the established claims payers, of all benefit claims arising under the RM’s coverage with IPBC for covered services until June 30, 2018. After termination, any sharing of claims among Members which uses a banding formula or debits and credits shall cease and all claims shall be the sole responsibility of the RM. No part of this Agreement modifies or amends any contract between the IPBC and any of its vendors or service providers.

After the date of the RM's withdrawal from IPBC on June 30, 2018, no run-off claims of the RM need to be processed or paid by the IPBC or vendors in the absence of compliance by RM of the terms of this Agreement, and which are also consistent with the contracts of the vendors who are referred to as "Payor" or Health Claim Administrator "HCA." Run-off claims are those claims of covered parties which were incurred during the time that the RM was a Member of the IPBC, but were not fully paid or submitted prior to termination.

The contracts between the IPBC and the Payor of some of the IPBC's Health, Dental, Prescription Drugs Programs or Life Insurance Programs may provide that the IPBC is responsible for certain payments to the Health, Dental, Prescription Drugs or Life Insurance Payor for run-off benefit claims and administrative costs for a continuing period. Since the RM benefits from such coverages, it will be responsible for the payment to the IPBC for all of such run-off claims. All estimated payments due under this paragraph shall be paid by RM to the IPBC when this Agreement is approved by its Corporate Authorities by Resolution or Ordinance and delivered to the IPBC for its signature. In the case of some RM, the payment may be made by permitting the IPBC to transfer estimated RM surplus funds into accounts for the payment of run-off claims. For RM with no or inadequate estimated surplus funds, the RM shall be required to transfer by check or wire transfer the run-off estimate funding shown on Appendix A less any transferred agreed-upon surplus funds. Delinquent payments under this paragraph or otherwise required under this Agreement shall be subject to the interest obligations provided for in Article XI of the IPBC Contract and By-Laws. Any amounts paid in error shall be returned within 30 days of written notice of the overpayment.

4. Run-off Claim Payments: With regards to this RM, the IPBC has entered into a Contract for the payment of the largest portion of run-off claims with a Health Claim Administrator (HCA) which has administered and paid health claims for the RM during the last

fiscal year of its Membership in the IPBC. The Contract entered into between the IPBC and the HCA provides for an arrangement under which if the RM does not remain a Member of the IPBC, termination run-off payments will be made during a fixed run-off period of one year. There may be other provisions within existing Contract or Contracts between the IPBC and the HCA which may also relate to the run-off or termination. These shall bind the RM. Since the RM as a MEMBER or an entity as a MEMBER of a Sub-Pool has authorized by its vote for the execution of the Agreement on its behalf with the HCA, under the Contract and By-Laws of the IPBC it is responsible after termination for any of the obligations or payments under the health plan to be administered which are part of those Contracts. If the initial estimated payment of run-off claims is not sufficient to pay claims during the one year run-off period, RM shall pay additional required amounts each time sought within five business days after written notice of the additional amount required. If adequate funds are not received by the IPBC, which will make payments to the HCA, the payment of run-off claims may, at the complete discretion of the IPBC, stop.

In addition to the initial claim payments or deposits and additional amounts in excess of those amounts, the RM shall be required to pay all administrative fees provided for within the Contract between the HCA and the IPBC or the RM along with separate fees to the IPBC at the rate of \$2.10 per employee per month for three months after termination but paid as a single up front payment. The RM shall also pay Gallagher fees for any services requested in addition to those agreed to by Gallagher to be performed without a charge. Any failure to make any of the required payments, shall be dealt with in accordance with this Agreement and the Contract and By-Laws of the IPBC or any decision regarding such issues reached by the Executive Board or the Board of Directors of the IPBC under its contract with the HCA and in accordance with the responsibilities of the RM with regard to the IPBC. The IPBC or the RM may have entered into

contracts which require payments for reporting or services after the date of termination which are not specifically referenced in this Agreement. The responsibility for the payment of any additional reporting or services which are required or requested by the IPBC or a Member from any entity providing services to the IPBC or the Member after termination shall be the financial responsibility of the Member payable in the manner provided for other payments herein.

5. End of Excess Payments: The IPBC excess insurance policies cover payments in excess of certain amounts during the fiscal year of July 1, 2017 – June 30, 2018. Any claim, which would have qualified for payment from the prior in force excess insurance after the RM termination date of June 30, regardless of date incurred, are not covered under these excess insurance policies. The RM shall have full responsibility for funding all claims previously paid by excess insurance prior to RM termination even when incurred prior to the termination date but not paid prior to the termination date in accordance with the reasonable practices of an excess insurance company.

6. Hold Harmless and Indemnify Obligations of RM: As a result of the IPBC's entrance into this Agreement to provide certain run-off coverages, the RM agrees that it will hold the IPBC, its officers, Members, directors, auditors, attorneys, staff and/or consultants ("Covered Entities") entirely harmless and will make no claim against the IPBC and indemnify and pay the defense of the IPBC in the event that any party other than the RM including, but not limited to covered benefit recipients associated with the RM, makes a claim against the IPBC for funds allegedly due from the IPBC or which, by Contract would have been the responsibility of a Payor, HCA or an excess insurance carrier. If a dispute should arise regarding any such payments it shall be the full and complete responsibility of the RM, if it believes that it is entitled to any funds, to bring its own claim or action against that the Payor, HCA or Excess Carrier or others and to hold the IPBC and the Covered Entities entirely harmless and not responsible for

such claim. The RM may request an assignment of rights which the IPBC may have for a claim against that party but the IPBC shall only make the assignment if the IPBC is adequately protected from any claims or costs arising out of that assignment and litigation. If a RM is required by a Payor or HCA at the conclusion of the run-off period to sign a hold harmless agreement, it shall do so or shall assume full responsibility for any claim, demand or suit from a Payor or HCA arising out of such refusal.

7. Termination of Sub-Pool Members and Listed Entities: Article III of the Contract and By-Laws document of the IPBC contains the following language. “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.” In accordance with such agreed-upon contractual language, it shall be the responsibility of the RM to convey such information as it desires to a listed entity and to arrange such duties and responsibilities of the listed entity to the RM on termination as has been or shall be agreed upon. With regards to any listed entity or entities, in accordance with the Contract and By-Laws, the IPBC shall treat those entities on termination as if they were a part of the Member.

The same responsibilities shall be that of a Sub-Pool regarding any entity which is a member of a Sub-Pool and chooses to withdraw from the Sub-Pool. A Sub-Pool member, which executes this Agreement, shall have its sole right to enforce this Agreement through the actions, if chosen to be enforced, by the Sub-Pool which is the only proper Member of the IPBC.

8. Continuing Status of Audit Process for Termination Year: The parties recognize that IPBC’s Contract and By-Laws in Article XVII provides for annual audits of IPBC as of the

close of IPBC's fiscal year, in this case June 30, 2018. Such audits which historically take many months to have prepared and approved by the IPBC, may conclude that funds are owed by the RM to IPBC or by IPBC to RM. The audits shall be conducted on the basis of generally accepted accounting principles. The parties shall make any payments due as a result of the audit as provided in the Contract and By-Laws, and subject to the interest obligations provided for in Article XI of the IPBC Contract and By-Laws. The RM shall be provided with a copy of the audit. The IPBC Board of Directors or Executive Board, if so authorized, may provide interim payments to those RM whose pre-audit financial data may indicate, at the IPBC's discretion, the ability to allow preliminary surplus fund repayments to the RM.

9. Agreement Resolving All Termination Issues: This Agreement shall resolve all disputes of the IPBC, its Members, officers and consultants and RM, and its officers regarding RM's manner of withdrawal and the parties have resolved all disputes or claims regarding that withdrawal herein, other than any disputes which may arise regarding payments made or due during the run-off period, which may arise regarding the implementation and interpretation of this Agreement and any disputes that may arise as a result of the final audit for the fiscal year ending June 30, 2018. In the event that the RM should, in spite of the provisions of this Agreement seek to sue or file an administrative action against the IPBC, its Members, and/or Covered Entities in relationship to disputes regarding its Membership in the IPBC or the terms and conditions of this Agreement, and the court or agency should determine that the parties complained against by the RM or its officers, employees, dependants or retirees are not at fault, the party or parties bringing the suit or action shall reimburse the Covered Entities herein granted protection, their full reasonable attorney's fees and costs. This Agreement is not, however, intended to establish any rights in third parties not signators to this Agreement.

10. Optional Transfer of Data to RM: At the end of the one year period, during which run-off claims will be paid by vendors, under this Agreement, a RM may request vendors to turn over to it records and data which will assist the RM in determining whether there are any other valid run-off claims which it wishes to pay. In some cases, the amount of the run-off claims, which may be paid, may best be determined with data regarding coverages and previous payments made by a HCA or Payor. It shall be the responsibility of the RM, if it wishes to receive such data from an HCA or Payor, to contract with the HCA or Payor and negotiate for the payment due to an HCA or Payor for the data which the RM seeks. The IPBC agrees to assist the RM if it wishes to engage in that process, but such a contract or agreement for the turnover of such data shall be entirely between the RM and the HCA or Payor.

11. Mediation: In the event that there should be any dispute or disagreement about the terms or implementation of this Agreement, the IPBC and the Member shall choose a mediator to attempt to resolve the issue. If they cannot agree on a mediator, one shall be selected from a list of five persons submitted by the American Arbitration Association. Each party may strike the names of two persons. The parties shall split the cost of the mediation process which must be completed within 60 days unless extended by agreement. If mediation does not produce an agreed result, and the cause of action is not barred to the RM by hold harmless provisions of this Agreement, either party may sue and the exclusive venue shall be the Circuit Court of Cook County.

IN WITNESS WHEREOF, this Agreement is executed this Letter of Agreement this 21st day of June, 2018. The effective date of the Agreement shall be the date of the approval by the last party to approve.

INTERGOVERNMENTAL PERSONNEL BENEFIT COOPERATIVE

RESIGNING MEMBER,
OR RESIGNING CONTRACTUAL MEMBER
OF A SUB-POOL MEMBER

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