

ORDINANCE 13-20

AN ORDINANCE AUTHORIZING THE EXECUTION OF THE ILLINOIS MUNICIPAL INSURANCE COOPERATIVE INTERGOVERNMENTAL AGREEMENT

WHEREAS, the Illinois Constitution (Ill. Const., Art. VII, Sec 10) (the “Constitution”) authorized units of local government to associate among themselves to obtain or share services and exercise any power or function in any manner not prohibited by law or ordinance; and

WHEREAS, the Corporate Authorities of the Village of Manteno, Kankakee County, Illinois, are authorized by the “Intergovernmental Cooperation Act” (5 ILCS 220/1) to exercise jointly any powers, privileges, functions or authority that each local government unit may exercise, unless specifically and expressly prohibited by law; and

WHEREAS, the Corporate Authorities of the Village of Manteno, Kankakee County, Illinois, have been advised that the Intergovernmental Cooperation Act provides that intergovernmental agreements may authorize units of local government to jointly self-insure, and to establish and pay funds into a joint insurance pool to protect themselves against liability or loss (5 ILCS 220/6); and

WHEREAS, the Corporate Authorities of the Village of Manteno, Kankakee County, Illinois, have been advised that each unit of local government has the power, under the Local Governmental and governmental Employees Tort Immunity Act (745 ILCS 10/9-102) (the “Tort Immunity Act”), to protect itself against liability or loss through risk management programs, including insurance, individual or joint self-insurance, and educational, inspectional, and supervisory services directly relating to loss prevention and loss reduction; and

WHEREAS, the Corporate Authorities of the Village of Manteno, Kankakee County, Illinois, are aware that it is in the village resident’s best interest that the Village of Manteno and other participating units of local government reduce their costs of risk management and administration by joining together in a pool to establish an intergovernmental cooperative for the purposes of establishing, implementing and maintaining a joint self-insurance program, obtaining insurance, and conducting related educational loss prevention and loss reduction programs; and

WHEREAS, the Corporate Authorities of this Village of Manteno, Kankakee County, Illinois, having reviewed the Illinois Constitution and Compiled Statutes and after due investigation and consideration, now concur that it is advisable, necessary, and in the best interests of the residents of the Village of Manteno to authorize the President and Clerk to execute the Illinois Municipal Insurance Cooperative Intergovernmental Agreement with the other participating local governmental units.

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF MANTENO, KANKAKEE COUNTY, ILLINOIS, AS FOLLOWS:

SECTION ONE: That the Village Board of the Village of Manteno, Kankakee County, Illinois, does hereby approve the document entitled “Illinois Municipal Insurance Cooperative Intergovernmental Agreement” (hereinafter “Agreement”) between the Village of Manteno and other Founding Members listed on *Appendix A* to Agreement, a true, correct, and complete copy of which is marked as *Exhibit A*, attached hereto, and incorporated by reference as if fully set forth herein, and the Village Board does hereby further authorize the Village President and the Village Clerk to execute *Exhibit A* on behalf of the Village of Manteno and to perform any other action as may be necessary or convenient to effectuate this Ordinance.

SECTION TWO: that the Village Board of the Village of Manteno, Kankakee County, Illinois, will designate a representative to serve on the Illinois Municipal Insurance Cooperative Board.

SECTION THREE: That all existing Ordinances and Village code provisions, or parts thereof, in conflict with the provisions of this Ordinance, are hereby deemed null, void, and of no legal effect, and are specifically repealed.

SECTION FOUR: If any section clause provision or portion of this Ordinance shall be held to be invalid or unconstitutional by any Court of competent jurisdiction, such decision shall not affect any other section, clause, provision or portion of this ordinance, and this Village Board hereby expressly acknowledges that it would have enacted this Ordinance even with the invalid portion deleted.

SECTION FIVE: That this Ordinance shall be in effect immediately after its passage by the Village Board, its approval by the President as required by law.

PASSED by the Board of Trustees of the Village of Manteno, Illinois and deposited in the office of the Village Clerk this 2nd day of December, 2013.

RECORD OF THE VOTE	Yes	No	Abstain	Absent
President Timothy Nugent				
Trustee Timothy Boyce	✓			
Trustee Samuel Martin	✓			
Trustee Diane Dole	✓			
Trustee Todd Crockett	✓			
Trustee Joel Gesky	✓			
Trustee Wendell O. Phillips	✓			
TOTAL VOTES <i>or</i> BY OMNIBUS VOTE	6			

DEPOSITED with the Village Clerk this 2nd day of December, 2013.


 ALISA BLANCHETTE, Village Clerk

APPROVED by me this 2nd
day of December, 2013.


TIMOTHY O. NUGENT, Village President

Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated November 12, 2013, Illinois Municipal Insurance Cooperative accepts the following coverage(s).

Please check the desired coverage(s).

		Line of Coverage	Carrier
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Package	Selective Insurance Company of the Southeast – \$1,000,000
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Package	Selective Insurance Company of the Southeast – \$2,000,000
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Package	Selective Insurance Company of the Southeast – \$5,000,000
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Package	Underwriters at Lloyd's of London/Brit
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Excess Property	Hartford Fire Insurance Company
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Excess Property	Travelers Indemnity Company
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Boiler & Machinery	Zurich American Insurance Company
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Boiler & Machinery	XL Insurance America, Inc.
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Excess Liability	Lexington Insurance Company

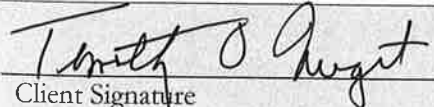
TRIA/Terrorism Coverage	Line of Coverage	Carrier
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Bind TRIA Terrorism Coverage Act as quoted
		Various

Provide Quotations or Additional Information on the Following Coverage Considerations		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Delete the Premises Medical Payments Coverage from the General Liability Section
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Delete Uninsured/Underinsured Motorists Coverage from the Automobile Liability Section
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Obtain Certified Appraisals for Building and Contents from a Qualified Appraisal Firm
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Consider Purchasing Pollution Liability Coverage
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Consider Purchasing an Underground Storage Tank Policy for Past, Present, and Future Liabilities
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Consider Purchasing Cyber Liability Coverage
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Loss Prevention @ \$1,108/visit # visits Requested _____
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Liquor Liability @ \$850 for 4-15 day(s) events

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

Illinois Municipal Insurance Cooperative confirms the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

We agree that your liability to us arising from your negligent acts or omissions, whether related to the insurance or surety placed pursuant to these binding instructions or not, shall not exceed \$20 million, in the aggregate. Further, without limiting the foregoing, we agree that in the event you breach your obligations, you shall only be liable for actual damages we incur and that you shall not be liable for any indirect, consequential or punitive damages.

 Client Signature 12-2-2013 Dated

Gallagher Compensation Agreement

THIS COMPENSATION AGREEMENT is made and entered into and effective the 31st day of December, 2013 ("Effective Date") by and between ILLINOIS MUNICIPAL INSURANCE COOPERATIVE, an Illinois corporation ("Client"), and ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC., an Illinois corporation ("Gallagher").

I. TERM AND TERMINATION

This Agreement shall commence on the Effective Date for a term of one (1) year and shall automatically renew on the first anniversary of the Effective Date and annually thereafter for additional one- (1) year terms but may be terminated by either party at any time upon one hundred twenty (120) days prior written notice.

II. OBLIGATIONS OF GALLAGHER

Gallagher will provide the services set out on Exhibit A attached hereto (collectively, the "Services") to Client. If the Services include the placement of insurance coverages, Gallagher will use its commercial best efforts to secure such insurance coverages on Client's behalf. In the event an insurance company cancels or refuses to place such insurance coverages, Gallagher will use its commercial best efforts to obtain the coverage from another insurance company.

III. OBLIGATIONS OF CLIENT

Client shall remunerate Gallagher its usual and customary brokerage commission for the Services. In addition to or in lieu of commission, Client shall pay Gallagher an annual fee of \$91,500 for the Services, which such fee may be revised at the time of renewal of this Agreement by the execution of an amendment to this Agreement signed by the parties hereto. If work is required to be performed in addition to the Services, Client agrees to compensate Gallagher for such additional work at its usual and customary rates. So long as the terms and conditions of the Services are substantially similar and Gallagher's performance is acceptable, in subsequent years the annual fee shall be increased 3% over the prior year, and shall be payable and earned as provided herein.

IV. DISCLOSURES

- A. In addition to such fees and commissions provided herein, Gallagher may also receive investment income on fiduciary funds temporarily held by it, such as premiums or return premiums. Other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers, captive managers and similar parties, some of which may be owned in whole or in part by Gallagher's corporate parent, may earn and retain usual and customary commissions and fees in the course of providing insurance products to clients. Gallagher may also participate in contingent and supplemental commission arrangements with insurance companies. Contingent commission arrangements provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. Supplemental commissions, unlike contingents, are known at the effective date of the policy, but are typically paid later and apart from when usual and customary commission is paid. Any such fees or commission will not constitute compensation to Gallagher under Section III. above.

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- B. Gallagher's fees under this Agreement shall be fully earned on the execution of this Agreement (and any renewal thereof), and payable on invoicing. Client is responsible for payment of premiums for all insurance placed by Gallagher on its behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow Gallagher to immediately terminate this Agreement, at its option, without notice to Client.
- C. Where applicable, insurance coverage placements which Gallagher makes on Client's behalf, may require the payment of federal excise taxes, surplus lines taxes, stamping or other fees, to the Internal Revenue Service (federal), various state(s) departments of revenue, state regulators, boards or associations. In such cases, Client is responsible for the payment of such taxes and/or fees, which will be identified separately by Gallagher on invoices covering these placements. Under no circumstances will these taxes or other related fees or charges be offset against the amount of Gallagher's brokerage fees or commissions referred to herein.
- D. Gallagher will be operating only as Client's broker, obtaining a variety of coverage terms and conditions to protect the risks of Client's enterprise. Gallagher will seek to bind those coverages based upon Client's authorization, however, Gallagher can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact Gallagher with questions on these or any other issues of concern.

V. LIMITATION OF LIABILITY

Gallagher's liability to Client, arising from any negligent acts or omissions of Gallagher, whether related to the Services provided hereunder or not, shall not exceed \$20 million in the aggregate. Without limiting the foregoing, Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above.

ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.

ILLINOIS MUNICIPAL INSURANCE COOPERATIVE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Exhibit A

Services

Perform risk management services, which Client may from time to time need or require. The services include:

Arthur J. Gallagher & Co. receives from the Illinois Municipal Insurance Cooperative an annual fee for providing brokerage and administrative services to its members.

The services that Arthur J. Gallagher & Co. provides the Illinois Municipal Insurance Cooperative include, but are not limited to the following:

- Provide information regarding insurance markets from the standpoint of cost, service, coverage, and security;
- Keep client informed of changes in insurance market conditions that may affect the insurance program;
- Coordinate and develop renewal information with client;
- Assist in the preparation of materials, specifications, and underwriting data required by insurers;
- Market required insurance coverages;
- Prepare and present a formal annual renewal presentation to client;
- Place coverage as instructed by client;
- Review the accuracy and adequacy of all policies, policy endorsements, and invoices prior to delivery;
- Assist client in the design of policy forms as needed;
- Issue binders, certificates of insurance and other coverage verification documents as required;
- Assist members in identifying and monitoring loss exposures including two loss prevention seminars;
- Present policy coverage questions to underwriters;
- Assist in obtaining settlements from insurers for losses that penetrate excess insurance layers;
- Act as liaison with insurance companies;
- Be available to answer day-to-day questions from member personnel; and
- Attend client meetings when requested.