



PARK DISTRICT RISK MANAGEMENT AGENCY

AGENCY POLICIES

Effective June 28, 2000

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AGENCY POLICIES

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SECTION ONE

INTRODUCTION

INTRODUCTION	Agency Policies/Agency Procedures	1.1
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These policies hereinafter referred to as “Agency Policies”; govern the Park District Risk Management Agency, hereinafter referred to as the “Agency.” These Agency Policies are a companion document to the Agency’s Contract and By Laws and distributed to Members of the Agency.

Agency Procedures have been established to implement the Agency Policies.

The terms that have been capitalized have specific meaning as provided or defined in the Contract and By Laws.

INTRODUCTION	Code of Conduct	1.2
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*PDRMA is committed to promoting excellence in the governance and management of the Agency. To further this commitment, the following guiding principles are developed to lead the activities of Agency Board of Directors and staff.

1. Agency Board of Directors and staff are dedicated to the highest ideals of honor, integrity, and due diligence so that the Agency may merit respect and public confidence in all its dealings.
2. Agency Board of Directors and staff are dedicated to the concepts of democratic, effective and efficient governance by responsible, knowledgeable Directors with an understanding that official decisions made and actions taken by the Agency are always made in the best interests of the Members.
3. Agency Board of Directors and staff are committed to the principle that the Board of Directors is ultimately responsible for establishing the Agency's goals and objectives and for making policy decisions on behalf of the Members.
4. Agency staff are dedicated to the principle that they should consistently seek guidance and direction from the Board of Directors on matters of Agency policy and refrain from promoting any candidate for election to the Board of Directors.
5. Agency Board of Directors and staff are dedicated to their own continual improvement of the professional abilities and expertise in matters relating to Agency governance and administration.
6. Agency Board of Directors and staff are dedicated to the principle that they share a responsibility to communicate with the Membership regarding Agency objectives/activities/outcomes.
7. Agency Board of Directors and staff are dedicated to the principle that all matters of procurement, personnel administration and outside contracting are administered on the basis of merit so that fairness and impartiality govern all governance and management decisions.
8. Agency Board of Directors and staff are dedicated to the principle that matters of Agency governance and/or administration cannot be bought or sold. No member of the Board of Directors or staff should ever solicit a personal gift of any value from any third-party performing work on behalf of or in any way associated (or potentially associated) with the Agency.
9. Agency Board of Directors and staff are dedicated to the principle that conflicts of interest should be avoided and where present shall be fully disclosed.

**Added July 25, 2007*

SECTION TWO
GOVERNANCE POLICIES

GOVERNANCE	General Policies	2.1
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These Agency Policies will apply to the Membership Assembly, the Board of Directors and the Program Council(s), hereinafter referred to as “the Bodies.”

Meetings

Regular meetings of the Bodies will be held at least one (1) time a year. The dates of the regular meetings will be established at the beginning of each fiscal year. Any item of business may be considered at a regular meeting.

The Chairman of the Board of Directors or the President/Chief Executive Officer may call special meetings of the Bodies. Members will be given no less than fourteen (14) days written notice of meetings and an agenda specifying the subject of the meeting will accompany such notice, provided however, that emergency special meetings may be called in the manner provided by law. Business conducted at special meetings shall be limited to those items specified in the agenda.

The time, date and location of regular and special meetings will be determined by the President/Chief Executive Officer or by the convening authority.

To the extent not contrary to the Contract and By Laws, and except as modified by the Bodies, Roberts Rules of Order, latest edition, shall govern all meetings.

Quorum

A quorum will consist of a majority of those individuals serving on the Bodies. A simple majority of a quorum will be sufficient to pass upon all matters, except as otherwise provided herein.

Voting

Voting may be by voice, roll call, written ballot, proxy, electronic ballot or other means as subsequently provided.

Votes Requiring Greater Than A Majority

A greater vote than a majority of a quorum will be required for the following:

- (A) The expulsion of a Member will require the two-thirds (2/3) vote of the Board of Directors.
- (B) Amendment of the Contract and By Laws will require two-thirds (2/3) of the votes cast by the Membership Assembly.

Notice

Any modification or amendment to the Contract and By Laws will require that written notice of the proposed change be sent electronically or by U.S. mail to the designated representative of the Member no less than fourteen (14) days prior to a meeting at which the matter is proposed.

Minutes

The Bodies will provide minutes of regular and special meetings to Members upon approval.

Conflict of Interest

Individuals serving on the Bodies will disclose conflicts of interest or actions that may affect or appear to affect objectivity to the Chairman of the Board of Directors who will determine appropriate action.

Indemnification

The Agency will protect, indemnify and hold harmless any person who is or has served on the Bodies, and/or any Agency committees, or who is or has been an Agency employee or officer, against any and all claims, suits, actions or proceedings concerning the Agency incurred while acting within the scope of their official duties and which result from any errors, omissions or acts, including without limitation, legal fees and costs and amounts paid in any compromise, settlement or judgment unless such errors, omissions or acts constitute willful and wanton misconduct or lack of good faith.

However the Agency, on a claim-by-claim basis, will exercise its discretion in defending claims when damages are sought for claims arising out of alleged intentional conduct, criminal acts, or conduct outside the scope of their employment when such claims initially appear to be frivolous, without merit or otherwise unsubstantiated.

The scope and amount of coverage that the Agency provides for its Members will also apply to those persons who are or have served on the Bodies, any Agency committees, and officers and employees of the Agency.

GOVERNANCE	Membership Assembly/Program Councils	2.4
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Representative Designation and Qualifications

Members will designate annually one (1) person to represent them on the Membership Assembly and on the Program Council(s) in which they participate. All new representatives will be either an elected official or full-time employee of the Member. The representative of a Special Recreation Association will be an appointed official or full-time employee of the Special Recreation Association or an elected official or full-time employee of any local public entity that is a member of that Special Recreation Association.

The Agency will be the judge of the proper designation of representatives and in case of dispute will use general principles of Illinois law.

The failure of a Member to designate a representative or the failure of that person to participate will not affect the responsibilities or duties of a Member under the Contract and By Laws or Agency Policies.

Vacancies

The representative may be removed and replaced by the Member in the same manner as the representative was selected.

Meeting Attendance

Members' attendance at regular and special meetings will be required either in person or by proxy unless the President/Chief Executive Officer has approved other arrangements. The proxy must be authorized in writing by the designated representative.*

Minutes

Minutes for meetings at which the Membership Assembly and Program Councils take action will be kept by the Secretary of the Board of Directors and or his/her designee and distributed to member's designated representatives.

**Revised July 25, 2007*

GOVERNANCE	Board of Directors	2.5
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Power and Authority

The Board of Directors will have such powers as it may deem necessary to govern the Agency and the authority to take such action necessary to discharge its responsibilities as provided in the Contract and By Laws.

In addition to those items enumerated in the Contract and By Laws, the Board of Directors will have authority to:

- (A) Set fidelity bonding requirements for employees or other persons;
- (B) Conduct the performance review by December 31st of each year and set compensation for the President/Chief Executive Officer;*
- (C) Resolve disputes over the scope of pooled self-insurance coverage provided by the Agency;
- (D) Adopt reasonable and necessary loss reduction and prevention procedures which will be followed by Members;
- (E) Purchase, sell or lease real property, equipment, machinery, or personal property;
- (F) Provide education and training programs and other services;
- (G) Collect funds for the payment of losses, the purchase of insurance and reinsurance, and the administration of the Agency;
- (H) Purchase excess, stop loss, aggregate insurance, reinsurance or any other insurance; and
- (I) Provide for legal defense, settlement of claims, and payment of judgments against Members for covered claims and losses.

The Board of Directors will establish such rules and regulations regarding the payout of funds from the Agency that from time-to-time seem appropriate.

Qualifications

Member Directors will be current full-time employees or elected officials of the Member. If a Member Director separates his/her relationship with a Member, the Member Director must advise the Board of Directors immediately of that fact, and no later than seven (7) days from the separation date. Upon receipt of that notification, the remaining Directors will establish a timeframe, at their discretion and in the best interests of PDRMA, within which the separated Director must establish a qualifying relationship with a PDRMA member or resign his/her Director position. **

Term

Member and other Directors will serve four (4) year terms or until a successor has been elected and may be removed by a majority vote of the Board of Directors. Terms of the initial Board of Directors may be staggered and less than four years.

**Revised September 24, 2003*

***Revised September 23, 2009*

Vacancies

The Board of Directors will fill any vacancies on the Board if the remainder of the term is two years or less. If the remainder of the term is more than two years, the Membership Assembly will fill the vacancy through a special election.

Establishment of Rules

The Board of Directors may establish rules governing its own conduct and procedure not inconsistent with the Contract and By Laws.

Compensation and Reimbursement

Directors may reimburse themselves for reasonable expenses properly and actually incurred in the course of acting as Directors.

Officer Duties

Board officers will have the following duties:

- (A) Chairperson
 1. Presides at meetings of the Board of Directors;
 2. Votes on all matters that come before the Board;
 3. Serves as a signatory on the Agency's accounts;
 4. Has powers as granted from time to time by the Board of Directors; and
 5. Shall be a member of the Board of Directors at the time of selection as Chairperson.

- (B) Vice-Chairperson
 1. Carries out duties of the Chairperson during the absence or inability of the Chair to perform such duties;
 2. Carries out functions as assigned by the Chairperson;
 3. Serves as Chairperson of the Audit Committee*; and
 4. Shall be a member of the Board of Directors at the time of selection as Vice Chairperson.

- (C) Secretary
 1. Keeps minutes of Board of Directors meetings;
 2. Maintains Agency Membership resolutions;
 3. Maintains resolutions adopted by the Board of Directors;
 5. Serves as a signatory on the Agency's accounts;
 6. Executes documents on behalf of the Agency;
 7. Carries out functions as assigned by the Chairperson; and
 8. Need not be a member of the Board of Directors.

- (D) Treasurer
 1. Oversees the investment of funds and maintenance of financial records of the Agency;
 2. Oversees receipts of money due the Agency and deposit of same in the name of the Agency;
 3. Serves as a signatory on the Agency's accounts;
 4. Performs other such duties as assigned by the Chairperson or President/Chief Executive Officer; and
 5. Need not be a member of the Board of Directors.

The Board of Directors may select a financial institution or other person to carry out some or all of the functions that would otherwise be assigned to a Treasurer.

The Board may also employ persons or companies as independent contractors to carry out some or all of the functions of officers.

Officer Terms and Vacancies*

The Board of Directors will elect officers annually by January of each year. The Chairperson's term will be one year. The Board of Directors will fill any officer vacancies.

President/Chief Executive Officer

The President/Chief Executive Officer is the chief executive officer of the Agency and has complete responsibility for all management functions of the Agency.

The legal authority of the Board of Directors is transmitted through the President/Chief Executive Officer to Agency staff and agents. The President/Chief Executive Officer:

- (A) Executes instruments and documents on behalf of the Agency;
- (B) Prepares the Agency's annual budget and member contributions;
- (C) Recommends Agency Policy to the Board of Directors;
- (D) Establishes Agency Procedures;
- (E) Reports on activities and fiscal condition of the Agency;
- (F) Employs Agency staff and expends Agency funds to accomplish the Agency's purpose;
- (G) Serves as a signatory on the Agency's accounts; and
- (H) Performs other duties as provided in the Agency Policies and/or assigned by the Board of Directors.

Bonds/Fidelity Protection

The Agency will either secure coverage through an insurance or self insurance program or** purchase a bond the minimum amount that will be \$1,000,000 to assure the fidelity of the Agency officers, employees or other persons who have the authority to transfer or pay Agency funds.

Absence or Inability/Refusal to Act

In the absence of the President/Chief Executive Officer or Treasurer, or in the event of the inability or refusal of such officers to act, the Chairman of the Board of Directors may perform the duties of the President/Chief Executive Officer or Treasurer, and, when so acting, shall have all of the powers of and be subject to all of the restrictions upon the President/Chief Executive Officer or Treasurer.

* Revised September 24, 2003

** Revised July 25, 2007

GOVERNANCE	Board Committees	2.6
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The Agency may have Board Committees.

Board Committees

Committees of the Board of Directors will be:

- (A) Audit
- (B) Management and Personnel
- (C) Nomination and Election

The Chairperson of the Board of Directors will appoint committee members****, designate committee chairpersons, establish other Board Committees from time to time, and disband Board committees.

Committee Members

Designated representatives and Member employees and others may serve on the Management and Personnel committee.*****There shall be five members of the Audit Committee comprised of three current members of the PDRMA Board of the Directors and two current members of the PDRMA Finance Committee. The Finance Committee representatives shall include the current Chair of the Finance Committee and one additional member as designated by the Finance Committee as a whole. Members of the Nomination and Election Committee shall be current members of the PDRMA Board of Directors****, past members of the PDRMA Board of Directors since the 2001 reorganization of the Agency or past chairpersons of the Illinois Park Employees Health Network and may also include one representative from the Agency’s Operational Committees. Individuals seeking nomination to the Board of Directors for the current term may not serve on the Nomination and Election Committee during the nomination process for that term.* **

Meetings**

Committees will meet as often as necessary. Committee meetings are open to and meeting packets will be provided to all Directors. Directors are encouraged to contact the Committee chairperson to provide comments and input.

Staff Liaison

An Agency employee or other person designated by the President/Chief Executive Officer will serve as staff liaison to each Operational and Board Committee and attend meetings.

Authority to Contract

Committees will have the authority, pursuant to legal counsel review, to enter into contracts on behalf of the Agency for work within their area of responsibility.

Minutes*

Committees will keep minutes of meetings that will be kept in the Agency’s corporate records and distributed to Committee members and the Board of Directors.

* Added June 5, 2002
 **Revised September 24, 2003
 ***Revised July 25, 2007
 ****Revised June 22, 2011
 *****Revised March 21, 2012

GOVERNANCE	Board Committee Responsibilities – Audit	2.7
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The Audit Committee will have the authority to conduct the annual audit of the Agency's financial statements and will have responsibility for:

- (A) Selecting, engaging the services and overseeing the work of an independent auditing firm.
- (B) Reviewing the audited financial statements for submission to the Board of Directors.
- (C) Reviewing the report on internal controls.
- (D) Reviewing the management letter.
- (E) Such further responsibilities as may be assigned.

GOVERNANCE	Board Committee Responsibilities – Management and Personnel	2.8
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The Management and Personnel Committee will have the authority to deal with management and personnel issues and will have responsibility for:

- (A) Distributing forms and compiling information for the President/Chief Executive Officer's annual performance review and presenting such to the Board of Directors in order that the review is completed by December 31st of each year.
- (B) Developing the President/Chief Executive Officer's employment contract for approval by the Board of Directors.
- (C) Conducting reviews of the President/Chief Executive Officer's contract and recommending modifications to the Board of Directors.
- (D) Updating cash compensation annually and conducting a study of cash compensation every three years for Agency staff and the Chief Executive Officer with results presented to the Board of Directors.
- (E) Overseeing regular legal review of Agency personnel policies.
- (F) Advising the President/Chief Executive Officer regarding personnel issues.
- (G) Recording minutes of executive sessions held to discuss personnel matters.
- (H) Such further responsibilities as may be assigned.

GOVERNANCE	Board Committee Responsibilities – Nomination and Election	2.9
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The Nomination and Election Committee will have the authority to seek nominations, determine the slate of candidates and conduct the election of the Agency's Board of Directors and will have responsibility for:

- (A) Establishing the nomination and election process timeline so that the slate of candidates is determined in October and the election completed by December 31st.
- (B) Establishing candidate qualifications and selection criteria.
- (C) Identifying qualified individuals and seeking their nominations.
- (D) Developing and distributing a nomination form.
- (E) Conducting a process to determine the slate of candidates.
- (F) Ensuring that the selection process and the information submitted by nominees is dealt with in a confidential manner.
- (G) Developing the ballot and candidate narrative information.
- (H) Conducting the election.
- (I) Tabulating the ballots and reporting the results to Members.
- (J) Such further responsibilities as may be assigned.

GOVERNANCE	Nomination Process – Board of Directors	2.10
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Nomination Qualifications

Individuals being nominated for election to the Board of Directors shall possess the qualifications and characteristics necessary to be strategic thinkers and leaders for the Agency. Qualifications of individuals include:

Member Directors

- (A) A full time employee of the Member, working at least 30 hours per week or an elected official of the Member;
- (B) 10 years minimum experience as chief administrator, department head or combination thereof;
- (C) Experience in serving on the governing board of several organizations of varying types;
- (D) Experience in serving in leadership position on those Boards;
- (E) Demonstrated understanding of the Board’s responsibility for being the visionary body of the Agency, thinking strategically about issues facing the Agency and providing direction and leadership for the Agency to achieve its mission;
- (F) Depth of knowledge and experience with the legislative process, employee benefits, legal principles of governmental immunity, civil and business law, business and governmental operations;
- (G) Demonstrated support of risk management and pooling through accomplishment on the loss control review or other Agency programs, involvement in Agency Committees, attendance at Agency training sessions, meetings and events; and
- (H) Other qualifications and characteristics that may be established from time to time.

Professional Directors

- (A) Education, background and experience in professional fields that relate to Agency operations including law, medicine, finance and investments, politics, technology, intergovernmental pooling, marketing, advertising and business;
- (B) Involvement or interest in parks, recreation, conservation or other entities or organizations being served by the Agency; and
- (C) Other qualifications and characteristics that may be established from time to time.

Notice to Members

A notice will be sent to the Membership Assembly representative of each member notifying the representative that the Nomination and Election Committee is seeking nominations for the upcoming Board of Directors Election.**

Solicitation of Nominees

Nominees will be solicited in the following manner:

Member Directors

- (A) The Nomination and Election Committee will identify qualified individuals and contact them to determine their interest in submitting a nomination;
- (B) A written nomination form including nominee qualifications will be used;
- (C) The form as well as information about Board responsibilities, authority and issues facing the Board will be sent to those qualified individuals identified; and
- (D) The Nominations and Elections Committee may modify this process as it deems appropriate.

Candidate Selection Criteria*

An objective process will be used to determine to what extent nominees meet the nomination qualifications. It is the Agency's policy to provide options to Members in the election process and the number of candidates to be placed on the ballot will be determined upon review of the number of nominations received and the nominees' qualifications. Certain guiding principles will also be considered in determining candidates to be slated including:

Member Directors

- (A) Representation from a diversity of the membership, type of entity, staff position;
- (B) Individuals at varying stages in their careers;
- (C) Chief executives of the Member;
- (D) Relationships with organizations to which PDRMA might offer future services;
- (E) Representation from a variety of the Agency's Programs;
- (F) Answers to questions posed on the nomination form; and
- (G) Other criteria that may be established by the Nomination and Election Committee from time to time.

Notification to Nominees

The Nomination and Election Committee will notify all nominees regarding the status of their nominations in a timely manner prior to public announcement of the candidates slated for election.

* Revised September 24, 2003 **Revised July 25, 2007

GOVERNANCE	Election Process – Board of Directors	2.11
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Ballots

A ballot with accompanying information about each candidate will be developed. Candidates will be listed in alphabetical order on the ballot and accompanying information.

The ballot will:

- (A) Be formatted to indicate the number of votes the Member is eligible to cast;
- (B) Include the date on which the ballot must be received by the Agency in order to be valid;
- (C) Require the signature or other such identifying characteristic of the designated representative in order to be valid;
- (D) Specify to where and/or how the ballot is to be submitted to the Agency; and
- (E) The Nominations and Elections Committee may include other information or modify the ballot as it deems appropriate.

Voting

The ballot and candidate information will be provided to the Member’s designated representative to the Membership Assembly. The designated representative will have one vote for each Program in which the Member is participating as of the date on which the ballots are distributed. Votes can be cast by mail, fax, electronically or other means that the Nomination and Election Committee deems appropriate.

Tabulation*

The Nomination and Election Committee, or its designee(s) shall tabulate votes for each candidate. Votes cast for less than the maximum number of Directors to be elected or for more than the maximum number of Directors to be elected, and ballots that are not returned on or prior to the required date and that do not have the signature or other identifying characteristic of the designated representative shall be deemed spoiled.

The candidate(s) receiving the highest number of votes that corresponds to the number of Directors to be elected will be deemed elected to the Board.

Candidate Notification

The Nomination and Election Committee will notify all candidates regarding the election results in a timely manner prior to public announcement of the election results.

Election Results

The names of the Directors elected will be provided to the Members in a timely manner.

**Revised June 22, 2005*

SECTION THREE

FISCAL POLICIES

FISCAL	General	3.1
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Fiscal Year

The fiscal year of the Agency will commence on January 1 and end on December 31.

Audit of Agency's Financial Statements

The Board of Directors will provide Members a comprehensive annual financial report including an audit of the Agency's financial statements and a report on internal controls that is made by a qualified independent certified public accountant at the end of each fiscal year. Agency staff will respond to any reportable conditions in the report on internal controls within a reasonable amount of time.

The report will be provided to the Member's designated representative.

Actuarial Studies

Actuarial studies and reports will be done annually which address items including, but not limited to, estimates of ultimate loss levels and consequent reserves for prior coverage periods and the current coverage year, and estimated loss costs for future periods. A fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries will sign the report.

Accounting System

The Agency's accounting system will conform to generally accepted accounting principles. All revenues and expenses will be accounted for on an accrual basis. Revenues will be recognized when earned and expenses recognized when incurred regardless of when the cash is actually received or disbursed.

The Agency's financial statements will be maintained on an individual coverage year basis with Member balances identified for each Program and each coverage year. The Program coverage years will be consolidated and a single statement of net assets prepared.

Financial Reports

The President/Chief Executive Officer will submit financial reports including a statement of net assets listing assets and liabilities as of the last day of the quarter to the Board of Directors.

Financial reports will also be provided to the Program Councils and the Membership Assembly.

Budget

Agency staff will develop budgets for each Program allocating the Agency's administrative costs to each program on an equitable basis. The budgets will be submitted to the Finance Committee and adopted by the Board of Directors. Each Program Council will approve the budget of its respective program.*

The budget may be amended at any time by majority vote of the Board of Directors.

Annual Payments

Failure of the Program Councils to approve the Program budget or the Board of Directors to adopt the Agency budget will not relieve the Members of the obligation to make annual or supplementary payments to the Agency so long as such budgets are finally adopted, and the Members are given sufficient time after the passage of the final budget in which to make payments to the Agency. Payments due for bonds or other debt instruments issued by an authorized Member for the benefit of the Agency may be called for on shorter notice and will be governed by the terms of the agreement that authorized their issuance.

**Revised July 25, 2007*

Payment Basis

Members of the Health Program will make payments to the Agency on monthly basis.* The Agency will allow Members of programs other than Health to select the billing cycle on which they wish to make annual payments to the Agency, however, calls for supplementary payments will be as determined by the Program Council(s).

Delinquent Payments

Any delinquent payments will be paid with a penalty that will be equal to the highest interest rate allowed by statute to be paid by an Illinois non-home rule unit of government on the date of delinquency, plus the cost of collection, including but not limited to, legal fees and court costs.

Failure to Make Payments

Should any Member fail to make any payments due to the Agency within the time period established by the Agency or as specifically extended by it, coverage for that Member will be canceled immediately upon the date on which the Member becomes delinquent in its payment(s).

Recovery of Costs

In the event that the Agency will be required to expend funds for administrative, legal or other costs brought about by the failure of a Member to pay sums owed to the Agency, such amounts expended will be added to the sums due the Agency and will be payable by the Member.

Losses in Excess of Coverage

In the event that a loss or series of losses should exceed the amount of coverage provided by the Agency, the payment of such uncovered loss will be the obligation of the individual Member or Members against whom the claim was made and perfected by judgment or settlement. The Agency will make payments from its funds and any insurance proceeds in the order in which the judgments against the Agency have been entered or settlements of claims have been reached.

In the event that the amount of claims for damage to the property of Members should exceed the amount of the Agency's coverage, the President/Chief Executive Officer may develop a method for equitably distributing the available funds among Members.

Fixed Assets

Upon conclusion of all business required to be transacted by the Agency or at a time otherwise authorized by the Board of Directors, any fixed assets owned by the Agency shall be liquidated and any proceeds distributed to Members who were Members on the date of termination in the same manner as surplus cash funds are distributed.

**Revised July 25, 2007*

FISCAL	Member Contributions	3.2
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Allocation

Program expenditures will be allocated amongst Members of that Program on an equitable basis according to formulas provided in the Agency Procedures and subsequently modified by the Program Councils. The Board of Directors expressly acknowledges the Program Councils' authority to establish and modify the allocation formula.

Debit/Credit Computation

The Agency may apply a debit or credit to the annual payment due from Members in a manner determined by the Program Councils which will approve the debit or credit formula either directly or in the approval of the adjusted annual payment due from the Members. Provided, however, that the Program Councils will, for each year of the existence of the Agency, provide a gross amount sufficient to pay for the anticipated total costs required to fully fund the Program's operations after the debit or credit adjustment has been made.

Discounts

The Agency may provide discounts to Members participating in more than one (1) Program.

FISCAL	Surplus Funds/Supplementary Payments	3.3
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Distribution

Should a Program Council at any time determine that the reserves on hand with the Agency for its Program are in excess of the amounts likely to be necessary to pay all claims known or unknown or provision has been made for such payment, the Program Council may recommend to the Board of Directors that surplus funds be distributed to its Members, except that no distribution may be made to those Members who have terminated their participation in the Program or to expelled Members. The distribution among the Members will be according to formulas provided in the Agency's Procedures and may be subsequently modified by each Program Council. In the event that it will later appear that there are additional claims against the Program, each Member of that Program will be required to return such reserve funds and to pay any additional supplementary payment required under these Policies.

Calls for Supplementary Payments

Calls for supplementary payments, except for the payments required to repay bonds or other debt instruments, will be made by the Program Councils in additional sums the total amount of which is no more than is necessary to fund the scope and amounts of coverage adopted from time to time by the Program Councils.

Each Program Council will make calls for supplementary payments from its Members, including those Members that have terminated their participation in the Program or expelled Members, for the years of their Membership unless the Board of Directors has approved some other arrangement. Calls for supplementary payments will be binding on the Members and the payments must be made within the timeframe specified in notices to the Members. *

Transfer of Funds Between Programs

If a Program Council calls for supplementary payments, a Member may be allowed to utilize the surplus funds it may have in one Program to meet its financial obligation to another Program. The decision as to whether and to what extent the surplus funds are available will rest solely with the Board of Directors. If the assets of one Program are needed by another Program for cash flow purposes, the receiving program will reimburse the contributing Program within a reasonable period of time as provided in the Agency Procedures.

Supplementary Payments for the Repaying of Bonds or Other Debt Instruments

Calls for supplementary payments for the purpose of repaying bonds or other debt instruments will be called for by the Board of Directors in any amount required to repay the obligations assumed by the Members without regard to any limit. Supplementary payments paid to repay bonds or other debt instruments will be placed into a separate fund until full repayment is made and will only be used for that purpose.

Basis of Supplementary Payments

The basis for supplementary payments will be according to formulas provided in the Agency Procedures and may be subsequently modified by the Program Councils.

Member Responsibility

Members will be responsible for supplementary payments during the life of the Agency and any later period when claims or expenses need to be paid which are attributable to the Membership year in which the expense or claim occurred

**Revised*

FISCAL	Investments – General	3.4
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Policy Statement

The funds of the Agency will be invested in the manner permitted by law for the investment of the funds of Park Districts or an intergovernmental risk management pool.

The Agency will pursue an optimum rate of return without sacrificing safety on available assets not required for current operating needs while maintaining sufficient liquidity to meet cash flow needs.

Trades and Prudent Investor Rule

Agency staff, under the supervision of the President/Chief Executive Officer, will effect all investment trades and will be guided by the "prudent investor" rule. The prudent investor rule states that "Investments will 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".

Internal Controls

The President/Chief Executive Officer or his/her designee will establish a system of internal controls that will be documented in writing. The internal controls will be designed to prevent losses of funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by Agency employees. Independent auditors in conjunction with their annual financial audit will review the internal controls and the investment policies.

Reports

A report of current investments will be included in the Comprehensive Annual Financial Report and provided to Members. Investment advisor(s) will report investment activity to Agency staff daily.

Annual Review

This policy will be reviewed annually by the Finance Committee to ensure its consistency with respect to the objectives of safety, liquidity, and yield and its relevance to current laws and financial trends.

FISCAL	Investments – Statutory Provisions	3.5
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The guidelines provided in the Illinois Compiled Statutes, Chapter 30, Section 235/2 and Chapter 5, Section 220/15 will be followed in choosing appropriate investments, including:

- (A) Interest-bearing savings accounts, interest bearing certificates of deposit or interest-bearing time deposits that are direct obligations of any bank that is insured by the Federal Deposit Insurance Corporation.
- (B) Bonds, notes, certificates of indebtedness, treasury bills or other securities guaranteed by the full faith and credit of the United States of America.
- (C) Bonds, notes, debentures, or other similar obligations of the United States of America its agencies, and its instrumentalities. *
- (D) Short term obligations of United States corporations (commercial paper) with assets over \$500,000,000 if: a) such obligations are rated in the three highest classifications established by at least two standard rating services and mature not later than 270 days from the purchase date, and b) such purchases do not exceed 10% of the corporation's outstanding obligations. **
- (E) Shares or other securities legally issued by state or federal savings and loan associations which are insured by the Federal Deposit Insurance Corporation.
- (F) Money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations of the U. S. Government or its agencies.
- (G) The Illinois Park District Liquid Asset Fund.
- (H) State of Illinois Public Treasurer's Investment Pool.
- (I) Mutual funds or commingled funds that 1) are managed by an investment company as defined and registered under the federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953 or an investment advisor as defined under the federal Investment Advisers Act of 1940; 2) have been in operation for at least five years; and 3) have total net assets of at least \$250,000,000.
- (J) Stock and convertible debt instruments, or investment grade corporate bonds, in or issued by any corporation the book value of which will not exceed 5% of the Agency's total book value of investments and provided that investments in the stock of any one corporation will not exceed 5% of the total outstanding stock of the corporation and that the investment in the convertible debt of any one corporation will not exceed 5% of the total amount of such debt that may be outstanding.

* Revised May 14, 2010

**Revised May 14, 2010

FISCAL	Investments – Guiding Principles	3.6
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The following principles will guide Agency investments:

- (A) Real Estate other than for Agency occupancy may not be purchased.
- (B) All securities must be held in the Park District Risk Management Agency's name, and delivered prior to payment.
- (C) Determination of investment mix will be made by the instruments necessary to achieve the total rate of return defined in the funding policy adopted by the Board of Directors which will be dictated by market conditions at the time of purchases and sales.

The following provisos are to be incorporated into the determination of portfolio mix:

- (A) Mortgage-backed securities will not exceed 30% of the total portfolio,
- (B) Interest-only or principal-only tranches of collateralized mortgage obligations will not be purchased.
- (C) Equity securities may range from 20-50% of the total portfolio.
- (D) Corporate bonds may range from 50-75% of the fixed income portfolio. All corporate bonds must be investment grade or better. BBB-rated securities may not exceed 15% of the total fixed income portfolio. In addition, any individual BBB-rated security may not exceed 1% of the total fixed income portfolio.**
- (E) No investment will be made before the Finance Committee approves an asset allocation guideline. All investments will be made in accordance with the approved asset allocation guideline.
- (F) The Finance Committee must approve in advance any investment not specifically listed in the statutory provisions above.
- (G) Average fixed income portfolio credit quality shall be AA- or better.*
- (H) Credit quality will be reported using the lower of the Standard & Poor's or Moody's rating for any particular security. ***

**Revised November 14, 2007*

***Revised June 18, 2008*

**** Revised March 9, 2011*

FISCAL	Investments – Managers and Advisors	3.7
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Any professional investment advisor or money manager retained by Agency will be a fiduciary, who has the power to manage, acquire or dispose of any asset of Agency, has acknowledged in writing that s/he is a fiduciary with respect to Agency and that s/he has read and understands Agency's investment policy and will adhere to all of the principles and standards set forth in that policy and is one or more of the following:

- (A) Registered as an investment advisor under the federal Investment Advisor Act of 1940;
- (B) Registered as an investment advisor under the Illinois Securities Law of 1953;
- (C) A bank, as defined in the federal Investment Advisor Act of 1940;
- (D) An insurance company authorized to transact business in this State.

Selection

Investment advisors, money managers and banks will be selected based on their size, professional expertise, fees, and services.

Agreements

Investment agreements will be in writing and investment advisors, money managers and banks will be required to show proof of a financial institution bond or equivalent of at least the amount of Agency assets under management.

Results

Investment results will be compared to an appropriate index on a quarterly basis.

FISCAL	Distribution of Assets Upon Dissolution of the Agency	3.8
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If at the time the Agency has terminated and all claims and expenses have been paid, there are remaining surplus funds, such funds shall be distributed to Members of the Agency on the date of termination in proportion to their payments made to the Agency during the period of their entire respective Memberships.

FISCAL	Net Assets	3.9
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Each Program shall hold adequate net assets to meet its current and future obligations. Each Program shall develop and adopt a procedure to systematically evaluate the adequacy of net assets, determine indications of appropriate net asset levels, and identify potential approaches to address any excess net assets or net asset deficiencies.

SECTION FOUR
MEMBERSHIP POLICIES

MEMBERSHIP	Membership Term	4.1
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The Membership term for Programs will be as follows:

- (A) Property, Liability, Workers Compensation Five (5) years
- (B) Health Three (3) years
- (C) Others As determined by the Board of Directors upon approval of the Program

Revised 6/20/2012

MEMBERSHIP	Criteria	4.2
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Membership criteria shall be established by each Program Council based upon recommendations by the President/Chief Executive Officer or his/her designee* and will be as provided in the Agency's Procedures.

**Revised November 11, 2007*

MEMBERSHIP	Applications	4.3
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Membership applications will be submitted to the President/Chief Executive Officer or his/her designee and the application process will be as provided in the Agency's Procedures.

MEMBERSHIP	Terminating Participation in a Program	4.4
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A Member may terminate its participation in a Program by serving a resolution of the corporate authorities of the Member that it will terminate its participation in a Program at the end of its Membership term. In order to be effective, the resolution shall be served upon the President/Chief Executive Officer not later than six (6) months before the end of the Membership term.

If a Member terminates its participation in a Program, it shall be entitled to coverage for the period of its Membership to the same extent as other Members of the Agency provided that the terminating member otherwise continues to meet its membership obligation*, but it shall not continue to have a representative on the Membership Assembly or the Program Council(s).

Re-application for Membership

A Member that has given notice of terminating its participation in a Program shall not be permitted to reapply for Membership for a period of four (4) years from the date on which the resolution of the corporate authorities of the Member was served upon the President/Chief Executive Officer unless the President/Chief Executive Officer waives such prohibition. Said Member must reapply through the normal application process, and must meet whatever the criteria are for a new Member on the date of reapplication.

**Revised November 14, 2007*

MEMBERSHIP	Expulsion	4.5
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By the vote of two-thirds (2/3) of the entire membership of the Board of Directors, any Member may be expelled. Such expulsion may be carried out for one or more of the following reasons:

- (A) Failure to make any payments due to the Agency.
- (B) Failure to undertake or continue loss reduction and prevention procedures adopted or recommended by the Agency.
- (C) Failure to allow the Agency reasonable access to all facilities of the Member and all records that relate to the purpose or powers of the Agency.
- (D) Failure to furnish full cooperation with the Agency's attorneys, claims adjusters, the President/Chief Executive Officer and/or any agent, employee, officer or independent contractor of the Agency relating to the purpose and powers of the Agency.
- (E) A history of excessive pending or closed claims or losses that, in the absolute discretion of the Board of Directors, creates an unacceptable risk of similar adverse future claims or losses.
- (F) Failure to carry out any obligation of a Member that impairs the ability of the Agency to carry out its purpose or powers.
- (G) A breach of any material term or obligation as enumerated in the Contract and By Laws, Agency Policies, or Agency Procedures.*

Notice*

No Member may be expelled except after notice from the Agency of the alleged failure or breach along with a reasonable opportunity of not less than thirty (30) days to cure the alleged failure or breach. Provided, however, that if the reason for the proposed expulsion is excessive losses or claims and/or non-payment of contributions, fees or assessments of any kind, no opportunity to cure need be given.

Hearing

The Member may request a hearing before the Board of Directors before any final decision on the proposed expulsion will take place. The hearing must be requested not later than five (5) business* days after the time to cure has expired, or, where no opportunity to cure is required, within ten (10) business* days after notice.

The Board of Directors will set the date for a hearing that will not be less than ten (10) business* days after the request for the hearing. No later than sixty (60) days after the close of that hearing or the giving of the notice if no hearing is requested or required, the Board of Directors will determine whether the Member will be expelled.

A decision by the Board of Directors to expel a Member will be final and will not be subject to further review or appeal of any kind.*

**Revised November 14, 2007*

Effective Date

The Board of Directors may establish the date at which the expulsion of the Member will be effective at any time not less than sixty (60) days after the vote expelling the Member has been made. If the motion to expel the Member made by the Board of Directors or a subsequent motion does not state the time at which the expulsion will take place, such expulsion will take place sixty (60) days after the date of the vote by the Board of Directors expelling the Member.

Obligations of Expelled Member

After expulsion, the former Member will continue to be fully obligated for its portion of any claim against the assets of the Agency which was created during the term of its Membership along with any other unfulfilled obligation, including the obligation to pay its proportional share of the repayment of bonds or other debt instruments or obligations as if it were still a Member of the Agency.

Limitations for Expelled Members

The expelled Member will, after expulsion, no longer be entitled to participate or vote on the Membership Assembly or Program Council(s) or to receive the benefits of coverage for claims which occurred while it was in breach of the terms of the Contract and By Law, except as may be provided by the Board of Directors.

Should the reason for expulsion be a Member's failure to make any payments due to the Agency, coverage under the Program in which the Member participates will be canceled immediately upon the date on which the Member becomes delinquent in its payment(s).

Surplus Funds

Under no circumstances will an expelled Member be entitled to share in any distribution of surplus funds.

** Revised December 12, 2001*

SECTION FIVE
COVERAGE POLICIES

COVERAGE	General	5.1
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The Program Councils may establish from time-to-time a scope of coverage that may provide protections to the Members for periods of time after the occurrence of a claim. So long as the event out of which the claim occurred took place during the term of the Agency, Members recognize and acknowledge that their financial obligations to the Agency shall continue until all such claims made against the Agency or its Members, or other covered entities within the scope of coverage period, are adjudicated or settled and the affairs of the Agency are thereafter concluded.

Scope of Coverage

The Agency will provide coverage to the extent that protection would be accorded within the terms of any insurance policies held from time to time by the Agency for the benefit of its Members and in those amounts necessary to reach the attachment point of those policies, if applicable and subject to the limit(s) of those policies.**

The Agency may also establish its own coverage as approved by Program Councils, the extent of which will be as provided in coverage document(s) that it develops. Program Councils may also choose to purchase no insurance and self-fund the coverage that the Agency provides to Members, but subject to the limits of coverage approved by the Program Councils.**

Membership in the Agency shall not preclude any Member from purchasing insurance coverage above or in addition to those amounts provided by the Agency.

Exclusions from the Scope of Coverage

The Agency will exclude from the coverage it provides to Members certain types of claims, losses or damages as approved by the Program Councils and as provided in the coverage documents it develops and/or the insurance policies it purchases from time to time. The exclusions will be as provided in the coverage document(s), insurance policy(ies), and/or any amendments or endorsements thereto.**

Coverage Documents, Insurance Policies and Reinsurance Agreements*

Coverage document originals developed by the Agency shall be properly executed and signed by the Chief Executive Officer. Original signed insurance policies and reinsurance agreements, including endorsements or amendments, shall be obtained from the appropriate parties. Documents, policies and agreements may also be accepted in electronic form with the appropriate signature(s) affixed.

The Agency will maintain files of coverage documents, insurance policies, reinsurance agreements and all related binders and agreements by coverage year and line of coverage.

Copies of the appropriate coverage documents and/or insurance policies will be made available to Members in various formats.

Coverage Limits*

A summary of the coverage limits, coverage document and/or insurance policy numbers and insurers, if appropriate, will be provided annually to members. The summary shall not be construed as altering or expanding the available coverage or limits in anyway.**

Evidence of Coverage*

The Agency will maintain and provide to Members a schedule of members to which coverage has been extended for each coverage period and issue the appropriate coverage endorsement(s) to new Members.

Insurer and Reinsurer Financial Information*

The Agency will obtain information such as the claims paying ability and financial size of insurers and/or reinsurers with which it is placing coverage and will provide such information to Members.

Agency Operational Risks*

The Agency will protect itself against risks arising from its operations including, but not limited to, errors and omissions, fidelity and crime, fiduciary liability, legal malpractice, general liability, auto liability, employment practices liability, employee benefits liability, all risk property including course of construction and boiler/machinery, and workers compensation/employers liability.

The Agency will maintain files of coverage documents, insurance policies, reinsurance agreements and all related binders and agreements by coverage year and line of coverage.

**Added June 5, 2002*

***Revised November 14, 2007*

SECTION SIX
ORGANIZATIONAL PLANNING POLICIES

ORGANIZATIONAL PLANNING	Strategic Plan/Work Plan	6.1
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Strategic Plan

The Agency will develop and maintain a strategic plan that contains of a mission statement, core values and organizational initiatives.

Review

The Board of Directors will regularly review and if necessary, revise the strategic plan.

Work Plan

The President/Chief Executive Officer will develop a work plan to implement the strategic plan, will regularly review its progress and provide an evaluation of its accomplishment to the Board of Directors.

SECTION SEVEN
OPERATION POLICIES

OPERATIONS	Claims – General	7.1
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Claims Management Policy

The Agency will vigorously defend claims of questionable liability to deter frivolous lawsuits and also defend cases of excessive demands to protect the assets of its members. However, it shall endeavor to avoid litigation in cases of clear or probable liability.

Claims Audit

A claims audit will be conducted at least once every three years by a qualified firm that is independent of both the Agency and its service providers.

The auditor will issue an opinion regarding overall claims administration and reserving practices as well as a management letter addressing material deficiencies.

The claims audit opinion and management letter will be submitted to the Claims Committee and Agency management will address any material deficiencies in a written plan of action which shall be provided to the Claims Committee.

Loss Experience Reports

Members will receive or be provided access to reports showing their claim payments, reserves, if appropriate, and total experience for Programs in which they participate. Members will also receive or be provided access to aggregate reports showing claim payments, reserves and total experience for the Program(s) in which they participate.

OPERATIONS	Claims – Claim Reporting	7.2
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Health Program Members will submit all claims in accordance with the claims reporting procedure written in the Medical Plan Document. *

For claims other than Health, Members will submit all claims to the Agency in accordance with the claims reporting procedure developed by Agency that has been distributed to Members. Members will report claims to the Agency's designated claims administrator as follows:

- (A) Within ten (10) business days of receipt for a statutory notice of claim, a claim before the Industrial Commission, a summons and complaint or other pleading before a court or administrative agency for which coverage from the Agency is sought;
- (B) Within thirty (30) days of receipt for a written demand for monetary relief for which coverage from the Agency is sought;
- (C) At the earliest practicable moment for any information of an occurrence from which the Member could reasonably conclude that coverage from the Agency will be sought;
- (D) Within (45) forty-five days after its occurrence for a property claim.

Late Reporting

In the event that claims are not submitted to the claims administrator within the time periods set forth above, the President/Chief Executive Officer may in whole or in part decline to provide a defense to the Member or to extend the funds of the Agency for the payment of losses or damages incurred. In reaching the decision, the President/Chief Executive Officer will consider whether and to what extent the Agency was prejudiced in its ability to investigate and/or defend the claim due to the failure of the Member to promptly furnish notice of the claim to the claims administrator.

**Added November 14, 2007*

OPERATIONS	Claims – Claim Disputes	7.3
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Optional Defense by Member

Whenever the Agency proposes to settle any pending third-party claim or suit where the amount of that proposed settlement would exceed five thousand dollars (\$5,000.00), the Member will be given advance notice of that settlement. Such notice may be given by the establishment of an indemnity reserve amount in excess of five thousand dollars (\$5,000.00), and to the extent practicable, the member will be notified beforehand of any settlement exceeding the indemnity reserve.* The officers and employees of the Agency will, however, endeavor to give specific oral or written notice to a Member of the exact amount of any proposed settlement in excess of five thousand dollars (\$5,000.00) at least fourteen (14) days prior to the date on which the Agency proposes to bind itself to pay such settlement amount. It is recognized by the Members that under some circumstances the Agency may not be able to give fourteen (14) days prior oral or written notice of the proposed settlement. The officers, employees or independent contractors of the Agency will attempt to give the Members as much notice of the settlement as is possible under the circumstances of each case.

In the event that a Member should disagree with the amount which the Agency proposes to settle a case or claim, the Member will notify the Agency immediately in writing that the Member exercises its right to prevent the Agency from reaching a settlement at the agreed upon amount. In the event that the Agency does not settle a case based upon the objection of a Member, the Agency will continue to provide a defense to the claim or suit unless the Member should desire to undertake the defense itself. In the event that the case or claim is eventually resolved through a settlement or judgment in an amount less than the amount at which the case could have been previously settled by the Agency, then the Member which has undertaken the costs of its own defense will be entitled to additional actual costs, including reasonable attorneys' fees, up to the level at which its costs and the prior allocated costs of the Agency, including reasonable attorneys' fees, equal the amount at which the case could have been settled by the Agency. To the extent that the case or claim is resolved through settlement or judgment at an amount greater than that at which the case or claim could have been previously settled by the Agency, the Member will be obligated to reimburse to the Agency that portion of the settlement or judgment which exceeds the sum of money at which the case could have been earlier settled by the Agency plus all allocated costs of the Agency and attorney's fees and expenses. If at any time the amount of the allocated costs of the Agency devoted to the case will equal or exceed the amount at which the case could have been settled, the Agency may require periodic supplementary payments from the Member if the Member wishes to have the Agency continue to provide the defense.

Allocated costs will mean those costs that are allocated to individual cases under the claims management and accounting systems utilized by the Agency. The Agency may establish the amount at which it could have settled the case through a written settlement demand by the plaintiff/claimant or through other competent evidence of the availability of the settlement at a particular sum or the desire of the Member to preclude settlement discussions and the sum at which the Agency believed the case or claim could have been settled.

To the extent that any portion of the payment of a claim or suit will be made with funds derived from an aggregate, excess or other insurance carrier, the provisions of this Article will prevail when not contrary to those insurance contracts.

Coverage Disputes

The President/Chief Executive Officer, after having reviewed a claim forwarded to the Agency for coverage, will be permitted to decline to provide coverage for such claim if, in the President/Chief

Executive Officer's opinion, the claim is not within the scope of coverage accorded by the Agency and/or the entity seeking coverage has not complied with all conditions of coverage.*

Legal Defense

The President/Chief Executive Officer may also agree to accept a claim and provide a defense but may reserve the right of the Agency to withdraw from the defense or to refuse to provide indemnification against the claim in the event that it is later determined that the claim is not properly within the scope of coverage provided by the Agency.

Settlement Demands Made By Members

The President/Chief Executive Officer, after having reviewed a settlement demand made by a Member, will be permitted to decline such a demand.

Claims Involving Two or More Members

When a claim or lawsuit involves two or more Members, the President/Chief Executive Officer will determine allocation of the costs amongst the Members.

Appointment of Defense Counsel and Payment of Defense Costs

When a Member or its officers, elected officials, employees, or agents, make a demand for independent counsel, appointment and selection of defense counsel will rest solely with and be determined by the Agency. In the event a request is made for appointment of independent counsel, assumption of control of defense, payment of independent counsel or any other issue related to the appointment of defense counsel, the President/Chief Executive Officer will determine whether such appointment, assumption or payment is to be accepted by the Agency.

Appeal Notice

Appeals for Health Program Members will be handled according to the Claim Appeal Process detailed in the Medical Plan Document. None of the appeal processes detailed in this policy applies to Health Program claims disputes. *

For claims not related to the Health Program, in the event that a Member hereinafter referred to as disagreeing party, disagrees with the President/Chief Executive Officer's decision, written notice that the disagreeing party wishes to appeal the decision will be provided to the Agency. The notice will be submitted by the Member's designated representative, chief administrative officer, governing board chairman or legal counsel,. Such notice will be addressed to the President/Chief Executive Officer at the offices of the Agency within fourteen (14) days of the date on which the Member was informed of the decision.

Appeal Process

The Claims Committee will consider appeals within thirty (30) days of receipt of the appeal notice and the disagreeing party may request that a hearing be held. The disagreeing party will have a full opportunity to present its position and at the absolute discretion of the Claims Committee, be represented by legal counsel at such presentation. The Claims Committee will render its decision in writing to the disagreeing party within ten (10) business* days after any hearing held before it or if no hearing is requested, no later than thirty (30) days after the appeal notice was received by the Agency.

Request for Review

The disagreeing party may request that the Board of Directors review the Claims Committee's decision and take official action to affirm or reverse it. Such request will be in writing addressed to the Chairman of the Board of Directors at the offices of the Agency within fourteen (14) days of the date on which the

disagreeing party was informed of the Claims Committee's decision. The Board of Directors will consider requests within thirty (30) days of receipt of the request and the disagreeing party may ask that a hearing be held. The disagreeing party will have a full opportunity to present its position and at the absolute discretion of the Board of Directors, be represented by legal counsel at such presentation. The Board of Directors will render its decision in writing to the disagreeing party within ten (10) business days after any hearing held before it or if no hearing is requested, no later than thirty (30) days after the request was received by the Agency.

Binding Agreement

The Board of Directors will consider the disagreeing party's request in good faith and respond reasonably in light of the circumstances. The decision of the Board of Directors will be considered the decision of the Agency and will be final. By entering into the Contract and By Laws, each Member agrees to be bound by the decision of a majority vote of the Board of Directors of the Agency. Each member agrees that there shall be no further right of review, and each member also agrees to waive any and all rights to file a civil and/or equitable action in any court against either PDRMA or any member of PDRMA.*

**Added November 14, 2007*

OPERATIONS	Risk Management – General	7.4
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Philosophy

It is the philosophy of the Agency that it will endeavor not to decline coverage nor create coverage exclusions for specific recreation activities but instead assist Members in organizing and conducting those activities in the safest manner possible.

Risk Management Review

The Agency may conduct an annual risk management review for Members and an accreditation program may also be established. The review results will be provided to the Board of Directors and the Members.

Member Responsibility

Each Member has the responsibility to achieve and maintain at least an 80% rating on the Risk Management Review.

Incentive Program

An incentive program to encourage and reward Members for achievement in loss control and risk management programs may be provided on an annual basis. The incentive may take the form of cash, awards, special recognition, etc.

OPERATIONS	Risk Management – Validly Extended Contractual Obligations to Indemnify Third Parties	7.5
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For a contractual obligation of a Member to indemnify third parties to be validly extended, it must be approved in advance by the President/Chief Executive Officer in writing through the issuance of a Certificate of Coverage specifically naming the Member and the third party to which a contractual obligation to indemnify is being extended. The decision to extend indemnification or not and the limits of indemnification extended by way of a Certificate of Coverage will be at the sole discretion of the President/Chief Executive Officer.

PERSONNEL	Philosophy and Goals	7.6
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The Board of Directors recognizes that a dynamic and efficient staff dedicated to high performance is necessary to accomplish the Agency's work plan and constantly improve service to Members. It is interested in its personnel as individuals, and it recognizes its responsibility for promoting the general welfare of the staff.

Specific personnel goals are:

- (A) To recruit, select, and employ the best-qualified personnel to staff Agency operations.
- (B) To provide compensation and benefits programs sufficient to attract and retain qualified employees.
- (C) To provide for education and training programs for employees to keep them abreast of the latest trends and practices in risk management.
- (D) To conduct an employee development process to facilitate the continuous improvement of staff performance.

* Revised November 19, 2004