



To: Dr. Charles Johns
Board of Education

From: Dr. R.J. Gravel

Date: Monday, September 9, 2019

Re: SSCRMP Health Pool Bylaws

Recommendation

It is recommended that the Board of Education approve the contract and bylaws of the Secondary School Cooperative Risk Management Program Health Pool (SSCRMP Health Pool) effective January 1, 2020, and authorize the Assistant Superintendent for Business Services / CSBO to confirm the school district's participation in the SSCRMP Health Pool through December 2020.

Background

As shared during the July 23, 2019 Finance Committee meeting, Glenbrook High School District 225 has maintained a purchasing cooperative relationship for health-related insurance products and services with other local high school districts through the SSCRMP risk management structure. This relationship was formed in June 2006 by Districts 207, 214, and 225. Since that time, participating school districts have achieved monetary savings through volume discounts on health and life insurance products and services for a combined population of employees, compared to the population of each individual district.

As part of a routine review of SSCRMP's existing bylaws, it was identified that the current structure of the purchasing cooperative for health-related insurance and services is not addressed within the existing SSCRMP risk management bylaws. In reviewing options for addressing this discrepancy, it was determined that a separate set of bylaws should be created to provide a formal structure for the purchasing cooperative. Through the adoption of bylaws, Districts 207, 214, and 225 will formalize their long-term commitment to jointly purchase health-related insurance and necessary services at a reduced cost, through the creation of the SSCRMP Health Pool.

There are several benefits to creating the SSCRMP Health Pool, which include:

- The potential to expand its membership to other local high school districts, leading to additional discounts that would benefit all pool members.
- The possibility for participating members to explore (and potentially implement) a level of risk sharing for health-related claims.
- Financial stability and predictability for all members, through the implementation of procedures and timelines should a school district desire to leave the health pool.

The attached bylaws have been reviewed by SSCRMP's legal counsel, and the pool manager, Mike Nugent. Based on feedback from the Finance Committee, the bylaws have been revised to enable a member to withdraw from the Cooperative after providing six months notice prior to the end of any pool year.

**CONTRACT AND BY-LAWS
OF THE
SECONDARY SCHOOL COOPERATIVE RISK MANAGEMENT
PROGRAM HEALTH POOL**

This Agreement, made as of the _____ day of _____, 2019, by and among the Boards of Education of the school districts listed on Appendix A hereto.

WITNESSETH:

WHEREAS, Article VII, Section 10, of the 1970 Constitution of the State of Illinois and the Illinois Intergovernmental Cooperation Act (5 ILCS 220/6 et seq.) provide that school districts may contract with one another to perform any activity authorized by law; and

WHEREAS, said Illinois Intergovernmental Cooperation Act specifically provides that school districts may join together for the purpose of establishing self-insurance programs; and

WHEREAS, Section 10-22.3a of the Illinois School Code (105 ILCS 5/10-22.3a) provides that school districts may provide benefits for the employees and employees, dependents, including, but not limited to medical, surgical and hospitalization benefits; and

NOW, THEREFORE, each of the Districts agrees with the other as follows:

ARTICLE I

Establishment and Purpose of Intergovernmental Cooperative

1.1 The Districts hereby establish an intergovernmental cooperative, as contemplated by the Illinois Intergovernmental Cooperative Act, which shall be known as the Secondary School Cooperative Risk Management Program for Health Benefits (“SSCRMP HP”). At the inception of the Cooperative, the purpose is to jointly purchase stop loss, administrative services and other employee benefits related to insurance coverages and services. The Cooperative may share claims and expand into other areas related to the delivery of employee benefits upon a two-thirds vote of the membership vote at a regularly scheduled Cooperative Meeting or a Special Meeting.

ARTICLE II

Definitions

2.1 In addition to the terms defined elsewhere in this Agreement each of the following terms shall have the meaning set forth below:

1. **BENEFITS** - Non-salary payments made to or on behalf of employees or employee dependents, including but not limited to, payments or reimbursements of expenses arising out of an illness or an accident and life insurance proceeds.

2. **BOARD** - The Cooperative Board established pursuant to Article V of this Agreement.

3. **CHAIR** - The Chair of the Board.

4. **EFFECTIVE DATE** - The first day of the calendar month following the month in which each of the Districts have duly approved and executed this Agreement or as agreed upon.

5. **POOL YEAR** - The twelve month period commencing on January 1 of each year.

6. **MEMBER DISTRICT** - Any school district organized under the provisions of The School Code, (105 ILCS “5/10-22.31, 10-22.31a, or 10-22.31b) or under the Intergovernmental Cooperative Act, (as cited earlier herein).

7. **PLAN OR PLANS** - The Health Plan(s), Life Plan(s) and other plans adopted by the Cooperative under which the benefit programs are maintained pursuant to the provisions of this Agreement for the employees of such Districts and as changed by the Board from time to time.

8. **REPRESENTATIVE AND ALTERNATE REPRESENTATIVE** - Each District's Representative and Alternate Representative to the Board.

ARTICLE III

Authority and Duties of the Cooperative

3.1 The Cooperative shall have the authority and duty to accomplish the purposes set forth in Article I above and, in furtherance of such authority and duty, may:

(a) Select agents, employees, independent contractors, consultants, claims administrator, attorneys, auditors and such other persons as may be necessary to administer and accomplish the

purposes of the Cooperative; provided, however, that the Cooperative shall not have the authority to enter into any collective bargaining agreement;

(b) Carry out education and other programs relating to health, accident and other claims reductions;

(c) Direct the collection and payment of funds to be used for the administration of the Cooperative and the provision of Benefits hereunder;

(d) Select one or more depositories for the funds of the Cooperative;

(e) Cause to be purchased Stop loss, group life and other types of insurance and services recommended by the Board;

(f) Prepare and submit to the Board for approval an annual budget for the Cooperative and a monthly report of the financial affairs of the Cooperative;

(g) Prepare quarterly reports of expenditures filed and paid pursuant to the Plan(s);

(h) Obtain and furnish to each District annually an audited report of the financial affairs of the Cooperative, made by a certified public accountant at the end of each Pool year in accordance with generally accepted auditing principles;

(i) Amend this Agreement by an affirmative vote of not less than two-thirds (2/3) of the membership of the Board;

(j) To admit a new Member to the Cooperative upon an affirmative vote of two-thirds (2/3rds) of the Membership of the Board under terms and conditions set by the Board;

(k) Create a self-insurance fund and allocation model and decide to jointly pay member claims by a two-thirds (2/3) vote of the membership

(l) Carry out such other activities as are necessarily implied or required to carry out the purposes of the Cooperative specified in Article I or the specific activities enumerated in this Article III.

ARTICLE IV

Term of the Cooperative

4.1 The Cooperative shall have an initial term of one (1) year beginning January 1, 2020, and terminating on December 31, 2020. The Cooperative's existence may be extended for additional terms of

five (5) years, as permitted by law, by a two-thirds (2/3) vote of the Board approving such extensions. The length of the term of the Cooperative shall not affect any Member's right to withdraw from the Cooperative pursuant to the procedure described in this Agreement.

ARTICLE V

Cooperative Board

5.1 The Cooperative shall be managed by its Cooperative Board, pursuant to any direction from the Member Districts and the terms of this Agreement. The Board shall consist of one Representative from each Member, each such representative to be designated by the member District or member cooperative. Each Member District may also select an Alternative Representative who may attend board meetings and exercise the Representative's authority when the designated Representative is unable or unwilling to do so.

5.2 The Board shall carry out the purposes and duties of the Cooperative, as set forth in Article I and III of this Agreement, including, but not limited to, the following: (a) recommending changes in policy to the Districts; (b) selecting agents, employees and independent contractors to act for the Cooperative; (c) adopting changes, amendments, or modifications to the plans; (d) approving the compensation for all such agents, employees and independent contractors; (e) procuring fidelity bonds for persons collecting or managing Cooperative funds (f) preparing the annual budget of the Cooperative and any amendments to that budget; (g) approving educational and other programs relating to claim reduction; (h) establishing and approving payments to the Cooperative; (i) obtaining and submitting to the Districts the financial reports and reports of Benefit claims described in subparagraphs (f), (g), and (h) of Article III of this Agreement; (j) selecting one or more depositories for funds of the Cooperative in accordance with applicable laws; (k) such other activities as are necessarily implied or required to carry out the purposes of the Cooperative.

5.3 No one serving on the board shall receive any salary or other payment from the Cooperative. However, the Chair or any other Representative of the Board may submit to the Board for approval, and be reimbursed for, expenses incurred in the pursuit of his/her position as a Representative of the Board. Reimbursement for such expenses shall include amounts advanced on behalf of the

Cooperative either by the representative or by a District and shall be in accordance with procedures and policies established by the Board consistent with the terms of this Agreement.

ARTICLE VI

Meetings of Cooperative Board

6.1 At its first meeting following the execution of these by-laws by all members, the Board shall elect Representatives to serve as Chair, as Vice Chair, and as Secretary/Treasurer for a term of two pool years. There shall be no limitation on the number of terms any person may be elected to serve in these positions. The Board may from time to time establish other officers and may elect a Representative to serve in any of such offices. The Board may fill any vacancies which may occur in such offices until the end of the current term.

6.2 Regular meetings of the Board shall be held as often as necessary to carry out the purpose of the Cooperative but no less than three times in each Pool Year. Any item of business may be considered at a regular meeting.

6.3 Special meetings of the Board may be called by its Chair, or by any two Representatives.

6.4 The time, date and location of regular meetings of the Board shall be determined by the Board.

6.5 Each District shall be entitled to one vote on the board through its representative. No proxy votes or absentee votes shall be permitted. Voting shall be conducted in accordance with the rules of procedure established pursuant to Section 6.7 and the requirements of applicable laws.

6.6 A quorum shall consist of a majority of the Representatives. Except as provided in this Agreement, a simple majority of a quorum shall be sufficient to pass upon all matters.

6.7 The Board may establish rules governing its own conduct and procedure, consistent with this Agreement. To the extent not contrary to this Agreement, and except as modified by the Board pursuant to this section or contrary to law, Roberts Rules of Order, latest edition, shall govern all meetings of the Board.

6.8 Minutes of all regular and special meetings of the Board shall be sent to all Representatives.

6.9 All meetings of the board shall be conducted in the manner required by law. In the event of any conflict between any provision of this Agreement and any provision of any applicable law, this Agreement shall be deemed modified to the extent necessary to comply with such law. In addition to any notices of meetings he/she may be required to serve under this Agreement, the Chair shall cause to be published any schedule or notice of meetings of the Board required by law.

ARTICLE VII

Plan Administrator

7.1 A Plan Administrator may be appointed by the Board to be the principal operating administrator of the Cooperative and to supervise and control the day-to-day operations of the Cooperative and carry out the purpose of the Cooperative as directed by the Board. The board may provide for compensating the Plan Administrator for his/her service as such. Among the duties and authority of the Plan Administrator shall be the following:

(a) To sign on behalf of the Cooperative any instrument which the Board or Districts have authorized to be executed and, in general, to perform all duties incident to the office of Plan Administrator and such other duties as may be prescribed by the Board consistent with this Agreement from time to time.

(b) To prepare a proposed annual administrative budget;

(c) To make recommendations regarding policy decisions, the creation of other Cooperative offices and the employment of agents, employees and independent contractors;

(d) At each regular meeting of the Board, to present a full report of his/her activities and the fiscal condition of the Cooperative;

(e) Within the constraints of the budget approved by the Board to make or direct distributions from the Account for payment of Benefit claims and the administrative expenses of the Cooperative and maintain accurate and detailed records and accounts of all transactions;

(f) To deposit all Cooperative funds in depositories selected by the Board and to invest and reinvest funds of the Cooperative not immediately required in those securities and investments that are authorized investments for Illinois public school districts;

(g) In the absence of the Plan Administrator, or in the event of the inability or refusal of the Plan Administrator to act, the Chair shall perform the duties of the Plan Administrator and, when so acting, shall have all of the powers of and be subject to all of the restrictions upon the Plan Administrator.

7.2 The Plan Administrator shall, before commencing his/her duties, execute a bond with a surety company authorized to do business in the State of Illinois, as surety, payable to Cooperative and conditional upon the faithful discharge of his/her duties. The penalty of the bond shall be in an amount equal to the expected total funds on deposit in the Account and shall be increased or decreased from time to time as the total funds increase or decrease, whenever, in the judgment of the Board, such increase or decrease is deemed necessary. The bonds shall be paid for as an administrative expense of the Cooperative.

ARTICLE VIII

Account

8.1 Administration.

The cost of administering the Cooperative shall be in a manner determined by the Board of Directors of the Cooperative.

Whenever payments to the Account for administrative expenses shall be based upon an estimate, each District making such payments shall promptly receive a refund or pay a deficiency when actual figures become available. It is contemplated that the account will contain a sufficient amount at all times to pay all of the obligations of the plans and the administrative expenses of the Cooperative.

8.2 Benefits.

Payments into the Account will be developed and administered in the following manner:

(a) At least 60 days prior to the start of each Pool year, the Plan Administrator will determine the amount of total payments from all of the Districts necessary to fund the expenses of the Cooperative. The Plan Administrator shall determine the payments to the Account for each District in the manner determined by the Board of Directors annually.

(b) The District, at least thirty (30) days prior to the start of each pool year, will approve the determination of total anticipated expenses and the division of such expenses among the Districts.

(c) The Plan Administrator, upon approval of the Board and in accordance with this Agreement, will purchase the approved excess coverage and other insurance.

(d) The Account will be administered during the Pool Year as a single fund without regard to the level of Benefit payments made to the employees and/or dependents listed by a particular District.

8.3 Supplementary Payments.

If, during any Pool Year, the funds on hand in the Account are not sufficient to pay the expenses of administration, the Board shall require supplementary payment from all Districts. Such payment shall be made in the same proportion as prior payments during that year to the Cooperative.

8.4 Required Payments.

During any Pool Year, a District shall only be required to make payments into the Account for those employees and/or dependents within those covered classes established at the beginning of each month of such Pool year who are from time to time employed by such District.

ARTICLE IX

Plan of Benefits

9.1 The Board may, from time to time, change the Plans in accordance with the procedures set forth in this Article. Any proposed change to the Plans shall be initially approved by a majority of the entire Board. The Board's initial approval of the proposed change shall include the date of the meeting at which the Board will take final action on the proposed change. The Board's final approval of the proposed change shall not occur until at least ninety (90) days after the Board's initial approval of the change and shall require approval of two-thirds (2/3) of the Membership of the Board. The effective date of the Plan change shall be not less than thirty (30) days after the Board's final approval of the change. The timelines set forth in this Article may be modified upon the approval of two-thirds (2/3) of the entire Board.

ARTICLE X

Excess Insurance

10.1 The amount and types of excess insurance shall be established by the Board based upon the recommendation of the Plan Administrator at the time that payments into the Account for such years are established and approved by the Board.

10.2 Membership in the Cooperative shall not preclude any District from purchasing any insurance coverage above those amounts purchased by the Cooperative. The Cooperative shall, where requested, make its facilities available to advise Districts of the types of additional or different employee benefits or insurance coverage available to school districts.

ARTICLE XI

Obligations of Districts

11.1 The obligations of each District shall be as follows:

(a) To pay promptly all monthly, quarterly and supplementary or other payments to the Account at such times and in such amounts as are established within the scope of this Agreement;

(b) To select promptly a Representative and Alternate to serve on the board and any successors to such Representatives;

(c) To cooperate fully with the Plan Administrator, any insurance consultant or claims administrator, the Cooperative's attorneys and auditors and any agent, employee, officer or independent contractor of the Cooperative in any matter relating to the purpose and powers of the Cooperative;

(d) To review all proposed changes to the Plan prior to the Board's final vote on such changes;

(e) To promptly notify all of its Plan participants of the withdrawal or expulsion of such District from this Agreement;

(f) To act promptly on all matters requiring approval by the Districts and to not withhold such approval unreasonably or arbitrarily.

ARTICLE XII

Liability of Board or Officers

12.1 The Representatives and the officers of the Cooperative shall use ordinary care and reasonable diligence in the exercise of their authority and in the performance of their duties. They shall not be liable for any mistake in judgment or other action made, taken, or omitted by them in good faith; nor for any action made, taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of Cooperative funds, or failure to invest.

No Representative or officer shall be liable for any action taken or omitted by any other Representative or officer. No Representative shall be required to give a bond or other security to guarantee the faithful performance of his/her duties hereunder except as required by this Agreement or by law. The Account shall be used to defend and hold harmless any Representative or officer of the Cooperative for action taken by the board or performed by the Representative or officer within the scope of his authority. The Cooperative may purchase insurance providing similar coverage for Representatives and/or officers.

ARTICLE XIII

Contractual Obligation

13.1 The obligations and responsibilities of the Districts set forth in this Agreement, including the obligation to take no action inconsistent with this Agreement as originally written or validly amended, shall remain a continuing obligation and responsibility of each District. This Agreement may be enforced in law or equity either by the Cooperative itself or by any District. The consideration for the duties imposed upon the Districts by this Agreement is based upon the mutual promises and agreements of the Districts set forth herein and the advantages gained by the Districts through reduced administrative costs for the processing of employee benefits. Except to the extent of the limited financial contributions to the Cooperative each District has agreed to make, no District agrees by this Agreement to be responsible for any claims of any kind against any other District. The Districts intend in the creation of the Cooperative to establish an organization for joint administration of employee benefits within the scope set forth in this Agreement only and do not intend to create between the Districts any relationship of partnership, surety, indemnification or liability for the debts of or claims against another.

ARTICLE XIV

Expulsion of a District

14.1 By the vote of two-thirds (2/3) of the governing Boards of the Member Districts except the Member District whose expulsion is being voted upon, the Cooperative may expel a District from membership. Such expulsion, which shall take effect in the manner set out below, may be recommended whenever a District fails to perform any obligation under this Agreement.

14.2 No District may be expelled except after notice from the Cooperative of the alleged failure and after a reasonable opportunity of not less than fifteen days to cure the alleged failure. Within such fifteen day period, the District may request a hearing before the Board before any decision is made as to whether to recommend expulsion. The Board shall set the date for such hearing, which shall not be less than fifteen days after expiration of the time to cure. The Board may appoint a hearing officer to conduct such hearing and make a recommendation to the Board based upon findings of fact; provided, however, that if the hearing is conducted by a hearing officer, the District may request a further hearing before the Board. Such request shall be in writing and addressed to the Chair. A verbatim transcript of the hearing shall be prepared by the Board for timely submission to the Member Districts. Expulsion of a District after notice and hearing as set forth in this Section shall be final when approved by the Members as specified in this Agreement and shall become effective thirty (30) days following such approval.

14.3 After expulsion, the former member District shall continue to be fully liable for any payment due to the Account and any other unfulfilled obligation as if it was still a member of the Cooperative.

14.4 The Cooperative shall have no obligation with respect to claims incurred under the Plan of an expelled District after the effective date of such expulsion. No claim by a participant from an expelled district which was incurred before the effective date of expulsion shall be paid if not presented to the Cooperative or its designated agent within 90 days of said date of expulsion.

14.5 The obligation of the Cooperative to administer claims incurred under the Plan of an expelled District prior to the effective date of expulsion shall continue for such claims as may have been or may be validly filed under the Plan.

14.6 If a member should be expelled or withdraw from the Cooperative, no benefit claims of the Member shall be processed or paid by the Cooperative after the close of the pool year in which expulsion takes place (if different) unless the expelled or withdrawing Member shall enter into a contract with the Cooperative to provide such services using funds furnished by the expelled or withdrawing Member. Pending claims and other records relating to the expelled or withdrawing Member shall be turned over to that Member in a prompt manner.

ARTICLE XV

Withdrawal from the Cooperative

15.1 A District may withdraw upon the presentation to the Chair of a written resolution adopted by the Member's Governing Board of its intent to withdraw from the Cooperative, said presentation to be not less than six months prior to the end of any Pool Year. The rights and duties of the Cooperative with respect to a withdrawing District and the rights and duties of a withdrawing District to the Cooperative shall be the same as those with respect to an expelled District. No Member may withdraw from the Cooperative until it has been a Member for no less than one (1) full Pool Years. A Member, by written notification from the Member's Superintendent or Cooperative Board Representative, may rescind its notice to withdraw without prejudice for continued membership up to three months before the end of the Pool Year for which the notice to withdraw had been submitted. Thereafter, a notice to withdraw may only be rescinded upon such written notification and the approval of two-thirds (2/3) of the remaining members of the Board.

ARTICLE XVI

Termination of the Cooperative

- 16.1 The Cooperative shall terminate upon the occurrence of any one of the following events:
- (a) A final determination by a court of competent jurisdiction, after all appeals have been exhausted or time for appeal has expired, that the Cooperative is invalid or contrary to law;
 - (b) The number of members covered by the Plans administered by the Cooperative falls below two (2); provided however that any two or more of the Districts may elect within 60 days of the occurrence of such event to continue the Cooperative with respect to themselves;
 - (c) The affirmative vote of two-thirds (2/3) of the membership of the Board to terminate.
- 16.2 In the event the Cooperative is terminated pursuant to this Article, the Board shall set up a Reserve Account to cover all anticipated costs and expenses of the Cooperative subsequent to the effective date of termination of the Cooperative including claims incurred prior to said date.
- 16.3 The Board shall distribute to the member Districts the balance of the Account in proportion to the number of participants of each District whose benefits are administered by the

Cooperative as of the effective date of termination divided by the total number of participants whose benefits are administered by the Cooperative as of said date. After all outstanding costs, expenses and claims are paid, the balance of the Reserve Account shall be distributed to each member District in the same proportion as the distribution of the Account on the effective date of termination.

ARTICLE XVII

Miscellaneous

17.1 Notice.

Any notice required by this Agreement shall be in writing and shall be deemed to have been given when deposited in a United States Post Office, registered or certified mail, postage prepaid, return receipt requested and addressed as follows:

If to the Cooperative: (at such place as may be determined by the Board);

If to the Districts: To the address set forth on Appendix A;

17.2 Section Headings.

The Section headings inserted in this Agreement are for convenience only and are not intended to, and shall not be construed to limit, enlarge or affect the scope or intent of this Agreement or the meaning of any provisions hereof.

17.4 Validity of Savings Clause.

In the event any provisions of this Agreement shall be declared by a final judgment of a court of competent jurisdiction to be unlawful or unconstitutional or invalid as applied to any District, the lawfulness, constitutionality or validity of the remainder of this Agreement shall not be deemed affected thereby.

17.5 Counterparts.

This Agreement, and any amendments thereto, may be executed in any number of counterparts which taken together shall constitute a single instrument.

IN WITNESS WHEREOF, the Board of Education of each District has caused this Agreement to be executed by its duly authorized officers as of the date first above written.