

Amended September 20, 2011

**BY-LAWS
O F T H E
LIBRARY INSURANCE
MANAGEMENT
A N D
RISK CONTROL COMBINATION
("LIMRiCC")**

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BY-LAWS
OF THE
LIBRARY INSURANCE MANAGEMENT
AND
RISK CONTROL COMBINATION
("LIMRiCC")

Article I. Change of Name

The name of LIMRiCC shall be changed to Library Insurance Management and Risk Control Combination. The Library Insurance Management and Risk Control Combination ("LIMRiCC") is an intergovernmental entity voluntarily established by contracting Library Systems, including the Metropolitan Library System, Boards of Library Trustees, Library Districts and Intergovernmental Entities that provide services to Public Libraries, Library Districts and Library Systems (Members).

**Article II. Purpose - Limitation of Participation –
The Previous Programs**

The purpose of LIMRiCC is to provide conventional insurance coverage and/or self-insurance for claims against its Members, including any one or more of the following types of insurance coverage:

Building and Contents General
Liability
Automobile Liability Errors and
Omissions Unemployment
Compensation Worker's Compensation
Boiler and Machinery

It is the purpose of the Members of LIMRiCC to obtain through LIMRiCC conventional insurance coverage and/or self-insurance coverage under one or more of the Programs described in the By-laws of LIMRiCC as in effect from time to time. Each Member must submit a written application to the Board of Directors for participation in the particular Program or Programs such Member desires. No Member of LIMRiCC shall have any right to participate in or to obtain insurance coverage under any Program of insurance or self-insurance solely by reason of its membership in LIMRiCC: and no insurance company or self-insurance pool shall have any obligation to any Member of LIMRiCC until such Member has been accepted by LIMRiCC and by such insurance company or self-insurance pool (as appropriate) as a participant in a Program of insurance coverage provided by such insurance company or self-insurance pool (as appropriate).

The following Programs have previously been established by agreement between the Suburban Library System, Metropolitan Library System and participating Libraries:

- A. The Unemployment Compensation Program;
- B. The Program providing Joint-Self Insurance;

These Programs established by LIMRiCC are referred to herein as the "Previous Programs."

It is the intent that the Previous Programs be continued through the agreements with LIMRiCC without interruption of coverage and providing credits where indicated from the prior coverage.

All credit balances in Member's accounts under the Previous Programs shall be transferred to the Member's accounts under the LIMRiCC Program. There shall be no interruption of coverage from the Previous Program.

LIMRiCC has also established the Program of Purchase of Health Insurance.

Article III. Authority

LIMRiCC is established pursuant to the intergovernmental cooperation clause as set forth in Article VII, Sec. 10 of the Constitution of the State of Illinois; 5 ILCS 220/1 et seq. and in particular, Sec. 220/6 of the Illinois Compiled Statutes and by the provisions of the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 et seq.)

Article IV. Directors and Officers

- A. There is hereby established a Board of Directors of LIMRiCC. The Board of Directors of LIMRiCC shall consist of five (5) Board Members At Large. Representatives from Members of LIMRiCC are eligible to run for election for the position of Board Member At Large. Only one representative from any one Member may be elected to the Board. A representative may be a trustee, library director, executive director or his/her designee.
- B. The call for candidates will be conducted from January 1 to January 31 with the electronic voting election to be held February 15 through March 31. Each Member will have one (1) vote for each slated position. No individual shall serve more than two (2) consecutive terms as Board Member At Large.
- C. The first term for Board Members shall begin on April 1, 2010. For that term, the three Board members who receive the most votes shall serve for two years and the remaining Board members shall serve for one year. In the event of a tie, the Board Members that shall serve for two years will be determined by lot. The Executive Director or his/her designee shall conduct the process. Thereafter, all Board Members shall serve for two year terms.
- D. The Board shall declare a vacancy in the office of Board Member At Large when an elected or appointed Board Member (i) declines, fails, or is unable to serve, or (ii) no longer holds the position of trustee, executive director/designee or library director/designee for the same LIMRiCC Member. Absence without cause from all regular board meetings for a period of one year shall be a basis for declaring a vacancy. All vacancies shall be filled by appointment by the remaining Board Members until the next regular election of Board members, at which time a Board Member shall be elected for the remainder of the unexpired term, if any.
- E. The Board of Directors of LIMRiCC shall appoint from among their number a Chairman, Vice Chairman, Secretary and Treasurer. The Board of Directors may also appoint additional officers and assign duties to them.

The Chairman shall preside at all meetings of the Board of Directors. The Chairman may request information from any officer or the Board of Directors

of LIMRiCC or any employee or independent contractor of LIMRiCC. The Chairman shall vote on all matters that come before the Board. The Chairman shall have such other powers and duties as are set forth in these By-laws and as he may be given from time to time by action of the Board.

The Vice Chairman shall carry out all duties of the Chairman during the absence or inability of the Chairman to perform such duties and shall carry out such other functions as are assigned from time to time by the Chairman or the Board of Directors.

The Treasurer shall have charge and custody and shall be responsible for all funds and securities of LIMRiCC; receive and give all receipts for monies due and payable to LIMRiCC from any source whatsoever; deposit all such monies in the name of LIMRiCC in such banks, savings and loan associations or other depositories as shall be selected by the Board of Directors; invest the funds of LIMRiCC as are not immediately required in such investments as the Board of Directors shall specifically or generally select from time to time; and maintain the financial books and records of LIMRiCC; provided, however, that all investments of LIMRiCC funds shall be made only in the manner permitted to an Illinois tax-supported public library. The Treasurer shall, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors. In performing these duties, the Treasurer shall work with LIMRiCC staff and/or any individual or entity that contracts with LIMRiCC to provide accounting and/or related services.

The Treasurer shall account for each separate program of insurance separately and shall keep a record of the account balances in each program for each participant.

The Secretary shall keep the official records of LIMRiCC. The Secretary shall see to the keeping of the minutes of meetings of LIMRiCC and shall see to the sending of all notices required by these By-laws and shall carry out other clerical duties of LIMRiCC.

- F. LIMRiCC shall purchase a bond in sufficient amount as determined by the Board of Directors to assure the fidelity of the Chairman and Vice Chairman of the Board, the Treasurer and any other officer or employee who shall have the right to authorize the transfer or payment of LIMRiCC funds. The Board of Directors, by motion, may increase or decrease the amount of such bonds or change the persons covered.
- G. A quorum shall consist of a majority of the Board of Directors. Except as provided in Paragraph G below, or elsewhere in these By-laws, a simple majority of a quorum shall be sufficient to pass upon all matters.
- H. A greater vote than a majority of a quorum shall be required to approve the following matters:
 - 1. The Board of Directors may establish one or more rules requiring approval by a vote greater than a majority of a quorum; provided, however, that such rules may only be established by a greater than a majority vote at least equal to the greater than majority percentage stated within the proposed rule;
 - 2. The admission of a new Member shall require a two-thirds (2/3) vote for approval

by Board of Directors;

3. Any amendment of these By-laws shall require a two-thirds (2/3) vote for approval by Board of Directors; provided, however, no amendment shall have the effect of depriving a member of a vested contractual right without the consent of the Member.
 4. Termination of LIMRiCC shall require a two-thirds vote for approval by Board of Directors (Article X).
- I. No one serving on the Board of Directors shall receive any salary from LIMRiCC; provided, however, Directors shall be reimbursed for lawful expenses incurred as officers of LIMRiCC.
- J. Regular meetings of the Board of Directors shall be held, at a minimum, on a quarterly basis, and the Board of Directors shall set a schedule for such regular meetings in June of each year for the following fiscal year. Special meetings may be called by the Chairman or by any other three (3) Directors on notice to the Chairman. At least four (4) days prior written notice of regular or special meetings shall be given to all Directors and an Agenda specifying the subject of any special meeting shall accompany such notice. Such notice may be given by electronic mail or U.S. mail.

Article V. Power of the Board of Directors

A. The Board of Directors shall determine the general policy of LIMRiCC, which policy shall be followed by all LIMRiCC officers, agents, employees and independent contractors employed by LIMRiCC. Subject to the specific limitations herein, the Board of Directors shall have the responsibility for:

1. Hiring LIMRiCC agents, employees, attorneys, fund managers, consultants and other independent contractors.

LIMRiCC staff is designated to manage the LIMRiCC programs, provided the annual compensation for these services shall not exceed the following without the consent of fifty percent (50%) of the Members:

The Unemployment Compensation Program as set forth in the
Intergovernmental Agreement

The Self-Insurance Program \$12,000.00

Program of Purchase of Health Insurance as set forth in the
Intergovernmental Agreement

Setting of compensation for all persons, firms, corporations and attorneys employed by LIMRiCC;

2. Except as otherwise provided, making payment for expenses of LIMRiCC from particular funds which the expenses are applicable;
3. Setting fidelity bond requirements for officers, employees or other persons;

4. Determining that subject to Article IV, E: Approval of alterations, amendments or repeal of the By-laws and adoption of new By-laws; provided, however that no such alteration, amendment or repeal shall change the purpose of LIMRiCC as stated in Article II above;
5. Approving of the acceptance of new Members and the expulsion of Members, including the execution of agreements for insurance coverage and/or self-insurance coverage with Boards of Library Trustees, Library Districts, Library Systems, Public Libraries and Intergovernmental Entities that provide services to Public Libraries to facilitate the centralized administration and payment of claims;
6. Approving of the participation of Members in the Program or Programs of insurance coverage selected by the respective Members;
7. Approving and amending the annual budget of LIMRiCC;
8. Approving the educational and other programs relating to risk reduction;
9. Approving of reasonable and necessary loss reduction and prevention procedures that must be followed by all Members;
10. Purchasing of insurance;
11. Paying of Claims;
12. Setting premiums for coverage;
13. Providing other powers hereinafter set forth;
14. Paying the expenses of operation;
15. Approving other matters incidental to the foregoing;
16. Including LIMRiCC and its officers and employees in the LIMRiCC Programs;
17. Making assessments against Members as provided by Agreement;
18. Approving additional contracted services to be performed by LIMRiCC staff for other libraries, intergovernmental entities and governmental entities and the revenue from such services will be used to keep overall administrative costs lower for all LIMRiCC members.

Article VI. Liability of LIMRiCC, Its Officers and Directors

The members of the Board of Directors and the officers and employees of LIMRiCC shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties hereunder. They shall not be liable for any mistake of judgment or other action made, taken or omitted by them in good faith; nor for any action taken or omitted by any agent, employee or independent contractor; nor for any loss incurred through investment of LIMRiCC funds or failure to invest. They may participate in indemnification and self insurance programs. No Director, officer or

employee shall be liable for any action taken or omitted by any other Director or officer.

The liability of LIMRiCC, its officers and Directors is limited solely to the proceeds of payments of Members and proceeds of any insurance provided by LIMRiCC. The funds of each insurance program, i.e. those established under Articles IX, X and XI of the Intergovernmental Agreement are to be kept separate and accounted for separately. Claims in each such separate insurance program are limited to the funds of that separate program.

If any claim or action not covered by insurance is instituted against a Director, officer or employee of LIMRiCC allegedly arising out of an act or omission occurring within the scope of his or her duties, LIMRiCC shall at the request of them:

- A. appear and defend against the claim or action; and
- B. pay or indemnify the Director, officer or employee for a judgment and court costs based on such claim or action, provided there shall be no indemnification for any portion of a judgment representing an award of punitive or exemplary damages; and
- C. pay or indemnify the Director, officer or employee for a compromise or settlement of such claim or action providing the settlement is approved by the Board of Directors of LIMRiCC.

The term Director, officer or employee shall include former Directors, officers and employees. This indemnification resolution shall not apply if the Board of Directors finds that the claim or action is based on malicious, willful or criminal misconduct. In such case the action to be taken by the Board of Directors will be determined after an investigation of the facts.

Article VII. Programs of Insurance and/or Self-Insurance

LIMRiCC may purchase insurance policies from insurance companies having a Certificate of Authority issued by the Department of Insurance of the State of Illinois. LIMRiCC may also provide risk-management services, administer and jointly support a risk management program, establish a risk-management pool, and provide services for processing and defending unemployment and worker's compensation claims.

Article VIII. Fiscal Year – Budget

- A. The fiscal year of LIMRiCC shall commence on July 1 and end on June 30;
- B. During the last quarter of each fiscal year, the Board of Directors of LIMRiCC shall approve a preliminary budget for the administration of each Program for the next fiscal year. Copies of the preliminary budget shall be sent to each Member via electronic mail, and the Board of Directors shall set a hearing date on the budget at which time all Members of LIMRiCC will be given an opportunity to be heard. The preliminary budget shall set forth the method by which payments of Members are to be determined for the following fiscal year. After the public hearing and before the end of the fiscal year, the Board of Directors shall approve a final budget that will include the amounts of the annual payments to be made by each Member. Failure of the Board of Directors to approve a preliminary or final budget within these time limits shall not relieve the Members of the obligation to make annual or supplementary payments to LIMRiCC as hereinafter provided.

C. Funds shall be audited annually after June 30.

Article IX. Notices

All notices of claims or any other notice required to be given pursuant to these By-Laws, shall be sent by certified mail and shall be addressed to:

LIMRiCC
PO Box 1016
Orland Park, IL 60462
Attention: Executive Director

and to:

Member Library
[Address of the main library building]
Attention: Head Librarian

Article X. Termination of Agency

By two-thirds vote for approval of the Board of Directors and on six (6) months' notice prior to June 30 of any year, LIMRiCC may be terminated and dissolved. This dissolution and termination shall have the same effect on the programs set forth as if LIMRiCC had terminated the Agreement as to each individual Member. The termination of LIMRiCC shall not be effective until all outstanding covered claims of Members have been resolved.

Article XI. Amendments

The Board of Directors may, in the following manner, amend the "By-Laws of the The Library Insurance Management And Risk Control Combination (LIMRiCC)" at any time and from time to time add a new provision or change or remove an existing provision:

(a) The Board of Directors shall adopt a Resolution setting forth the proposed amendment and the date on which the amendment is to become effective, and directing that the proposed amendment be submitted to each LIMRiCC Member that will be affected by the proposed amendment.

(b) LIMRiCC shall give to each LIMRiCC Member that will be affected by the proposed amendment written notice of the proposed amendment, including the text of the proposed amendment and the date on which the amendment is to become effective, together with a ballot for voting to approve or disapprove the proposed amendment. Such notice shall be given not less than 60 days and not more than 90 days before the proposed effective date of the amendment, either via electronic mail or U.S. mail. If mailed, such notice shall be deemed to have been delivered on the second day after the day on which it is deposited in the United States mail, addressed to the Member at its address on the records of LIMRiCC, with postage prepaid.

(c) Each LIMRiCC Member must return its ballot to LIMRiCC on or before 5:00 PM

on the proposed effective date of the amendment.

(d) The proposed amendment shall be adopted upon receiving the affirmative vote of at least two-thirds of the LIMRiCC Members entitled to vote on such amendment.

(e) Any number of amendments may be submitted to the LIMRiCC Members and voted upon by them at one time.

(f) A LIMRiCC Member that has timely voted against the adoption of a proposed amendment may, within 60 days after the effective date of the proposed amendment, elect to withdraw from the LIMRiCC Program(s) affected by the new amendment, but only if the amendment materially and adversely affects the Member.

(g) Any LIMRiCC Member that is entitled to elect to withdraw from the LIMRiCC Program(s) in question is precluded from challenging the new amendment that creates the right of withdrawal, unless the adoption of the amendment is fraudulent with respect to the Member or with respect to LIMRiCC, or constitutes a breach of a fiduciary duty owed to the Member.

(h) A LIMRiCC Member that is entitled to elect to withdraw may do so only if the Member deliver its written election to LIMRiCC within the said 60-day period.

(i) Notwithstanding anything to the contrary in this Article, the withdrawal of a Member shall not affect any existing claim(s) in favor of LIMRiCC against the withdrawing Member, or in favor of the withdrawing Member and against LIMRiCC.

Amended September 20, 2011

