
SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST

TRUST AGREEMENT

BY AND AMONG

THE COUNTY OF JOHNSON, ILLINOIS

AND

THE COUNTY OF PULASKI, ILLINOIS

AND

THE COUNTY OF UNION, ILLINOIS

AND

THE BOARD OF TRUSTEES OF
THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST

DATED AS OF APRIL 1, 1989

Prepared and by:

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Evans & Froehlich
44 Main Street
Champaign, IL 61820

SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST

Trust Agreement

This Trust Agreement (the "Agreement") is made and entered into as of the first day of April, 1989, by and among the Charter Members of the Trust, which are: The County of Johnson, The County of Pulaski and The County of Union, Illinois, as Grantors, who desire to establish a trust for their benefit for the purpose of pooling the resources described herein for joint self-insurance and the purchase of insurance policies as permitted by the Local Governmental and Governmental Employees Tort Immunity Act and the Intergovernmental Cooperation Act, Ill. Rev. Stats. 1987, Sec. Ch. 85, Sec. 1-101 et seq., and Ch. 127, Sec. 741 et seq. (collectively, as supplemented and amended, the "Acts"), and those persons acting from time to time hereunder as the Board of Trustees. This Trust Agreement is an intergovernmental contract authorized by and entered into pursuant to the Acts.

SECTION 1

Definitions

Certain words, terms and phrases used in this Agreement shall have the meanings given them above and in this Section 1, unless the context of use clearly requires another or different meaning.

1.1 "Acts" shall mean the Local Governmental and Governmental Employees Tort Immunity Act, Ill. Rev. Stats. 1987, Ch. 85, Sec. 1-101 et seq., and the Intergovernmental Cooperation Act, Ill. Rev. Stats. 1987, Ch. 127, Sec. 741 et seq., as supplemented and amended, including by the Registered Bond Act, the Illinois Bond Replacement Act and the Local Government Debt Reform Act.

1.2 The term "Administrator" shall mean any administrator appointed or employed as provided in Section 7.10 hereof.

1.3 "Applicable Law" shall mean the Acts and other such Federal, State and local laws, regulations and rulings relating to (i) the operation of the Trust, (ii) the taxation of the income of the Trust, or (iii) the exempt status of the interest on any Bonds from gross income for Federal income tax purposes.

1.4 "Board of Trustees" shall mean the Trustees collectively.

1.5 "Bond Counsel" shall mean Evans & Froehlich, Champaign, Illinois, or other legal counsel nationally recognized in matters relating to tax-exempt financing under Section 103 of the Code.

1.6 "Bonds" shall mean General Obligation Self-Insurance Bonds, Series 1989, issued by the Charter Members to pay Initial Contributions.

1.7 "Charter Members" shall mean the charter members of the Trust: The County of Johnson, The County of Pulaski and The County of Union, Illinois.

1.8 "Code" shall mean the Internal Revenue Code of 1986, as amended.

1.9 "Depository" shall mean any institution (i) that is authorized under Applicable Law to maintain custody over and to invest monies owned by the Trust, (ii) that is selected by the Trustees for such purpose and (iii) that has entered into a Depository Agreement with the Trust meeting the requirements of Section 5, hereof.

1.10 "Depository Agreement" shall mean the agreement between the Depository and the Trust described in Section 7.7 hereof, which agreement shall provide for the management of the Trust assets in accordance with the terms and conditions of Section 5 hereof:

1.11 "Earnings Account" shall mean an account of the Initial Contribution Fund established under Section 5.4, hereof.

1.12 "Fund" shall mean and include all money, assets and other property held hereunder, which shall consist of all monies received by the Trustees as Initial Contributions, Member Contributions or otherwise, and all Policies purchased or held by or assigned to the Trust, together with all dividends, refunds or other sums of money payable or refundable to the Trust, investments made of any Trust funds and earnings thereon, and all other monies, assets or other property received and held by the Trustees for the uses and purposes set forth in this Agreement. Such term does not include the Levy Abatement Subaccounts established pursuant to Section 5.5 hereof and any amounts deposited therein.

1.13 "Initial Contributions" shall mean the net proceeds of the Bonds issued, respectively, by each of the Charter Members in order to provide funds to establish the Trust, or bonds issued by any other Member which has met the requirements of Sections 1.16 and 2.6 hereof and has issued Bonds the net proceeds of which shall be applied to its initial Member Contribution.

1.14 "Initial Contribution Fund" shall mean the fund established pursuant to Section 4.1 hereof.

1.15 "Levy Abatement Subaccount" shall mean one of the various subaccounts of the Earnings Account of the Initial Contribution Fund as described in Section 5.5, hereof.

1.16 "Member" or "Participant" as used herein shall mean and include any qualifying local governmental entities which shall (a) qualify for participation under the Acts; (b) be a county, township or road district located in southern Illinois; (c) qualify for participation under the requirements for eligibility adopted from time to time by the Trustees pursuant to Section 2.6; (d) submit a request for participation in the Trust in form approved by the Trustees; (e) make an initial contribution to the Trust in an amount to be determined by the Trustees on the basis of the coverage to be provided; (f) agree to be bound by the terms of this Agreement, the Trust By-laws and Operating Procedures and all the rules and regulations promulgated by the Trustees; and (g) at the required times make the Initial Contributions to the Fund. If the prospective Member satisfies these requirements, it may be accepted for participation under the provisions of the Trust and coverages and policies obtained pursuant thereto, all subject to and in accordance with Section 5 hereof. Each Charter Member is a Member. If an applicant is not accepted for participation, any payment made in escrow shall be returned. Anything in the Trust Agreement to the contrary notwithstanding, no applicant may participate as a Member herein where such participation would be in violation of Applicable Law.

1.17 "Member Contribution" shall mean and include payments other than Initial Contributions made by a Member to the Trust by reason of any assessment levied by the Trustees pursuant to authority given them in this Trust Agreement.

1.18 "Policy" or "Policies" shall mean and include any policies of insurance or reinsurance purchased by or assigned to the Trust pursuant to this Trust Agreement, and shall be deemed to include any and all amendments or riders attached to each such policy or policies.

1.19 "Premium Reserve Fund" shall mean the fund established pursuant to Section 4.2 hereof.

1.20 "Principal Account" shall mean the account of the Initial Contribution Fund established under Section 5.4, hereof.

1.21 "Regulations" as used herein shall mean all laws and regulations affecting the Trust, as they are currently in force or hereafter amended, including those which are promulgated by the State of Illinois or a department or a division thereof.

1.22 "Trust" shall mean the Trust and the Funds created under this instrument, and any amendments hereto.

1.23 "Trust Agreement" or "Agreement" as used herein shall mean and includes this instrument and any amendments hereto and modifications hereof.

1.24 "Trustees" as used herein shall mean the trustee or trustees (and shall include the designee of any trustee pursuant to and in accordance with a written designation of such trustee, which designee shall have the full power and authority to act in place of such trustee unless such written designation limits such power and authority) designated in this Trust Agreement, together with their successors designated in the manner provided for in Section 3.2 of this Trust Agreement.

SECTION 2

Purpose of Trust and Application of Funds

2.1 The Trust and the Funds held by the Trustees are created for the purposes of providing and maintaining (i) a voluntary joint self-insurance program for counties and other qualifying local governmental entities located in southern Illinois on a group basis as allowed by the Acts to provide limited coverage for any or all of the following categories of liabilities and risks:

- (a). General liability;
- (b). Automobile liability;
- (c). Police and professional liability;
- (d). Public official liability;
- (e). Worker's Compensation and employer's liability;
- (f). Automobile physical damage;
- (g). Property damage; and
- (h). Inland marine;

and (ii) excess insurance coverage for liabilities and risks under (a) through (h) above.

2.2 The Trustees may apply for and accept as part of the Trust Policies issued to the Trust or assigned to it for the purposes above specified.

2.3 The Trustees shall not be personally liable to make the contributions or to perform other obligations of any Member.

2.4 All Members understand and agree that coverages and benefits under this Trust are limited to those which can be provided under Illinois law by the Trust or under Policies purchased by the Trust, and each Member agrees to inform its employees of such limits.

2.5 All Members understand and agree that all property or liability claims, workers' compensation or employer liability claims made against any Member payable under this Trust shall be limited to that amount established by the Trustees in the Operating Procedures or that amount payable under Policies purchased by the Trustee (hereinafter, the "Claim Limit"). All claims against a particular Member or Members in excess of the

Claim Limit shall be borne by the Member against whom such claim was brought.

2.6 Subject to the provisions set forth in this Section 2.6 and in Section 1.16 hereof, the Trustees shall establish, fix and determine eligibility requirements for Members and requirements for the continuance of their participation, and such other terms as the Trustees may deem appropriate and as are not inconsistent with the provisions of this Agreement or Applicable Law. Any prospective new Member shall provide the Trust and the Members of the Trust (i) with the opinion of Bond Counsel that the addition of such Member to the Trust will not adversely affect the tax-exempt status of the investment earnings of the Trust under Section 115 of the Code and the written opinion of Bond Counsel that the addition of the member will not adversely affect the tax-exempt status of interest on any Bonds that are then outstanding.

2.7 The Trustees shall use and apply the Funds:

A) To make payments of benefits as provided under the Illinois Workers' compensation Act and to make payments for legal fees and costs, and to make any other payments required by Applicable Law.

B) To pay liability and property damage claims (all as more fully described in Section 2.1 hereof) to the extent provided for by the Trustees under the Operating Procedures.

C) To establish and accumulate as part of the Fund a reserve or reserves in amounts which the Trustees may deem advisable or may be required by Applicable Law to carry out the purposes of the Trust.

D) To pay or provide for the payment of premiums on any Policy or Policies when such premiums shall become due.

E) To pay or provide for the payment of all reasonable and necessary expenses of collecting Member Contributions and administering the affairs of the Trust and Fund, including, without limitation, all expenses which may be incurred in connection with the establishment, preservation and extension of the Trust, the employment of such administrative, legal, expert and clerical assistance, the purchase of bonds, the leasing of such premises and the purchase or lease of such materials, printed matter, supplies and equipment as the Trustees, in their discretion, find necessary or appropriate in the performance of their duties.

F) To make refunds, as the Trustees may determine, to Members who withdraw from the Trust or to Members whose membership in the Trust is terminated.

2.8 Anything herein to the contrary notwithstanding, expenses, benefits and claims payable pursuant to this Section 2.8 hereof and payment of premiums on any Policy or Policies shall be paid first from the Principal Account of the Initial Contribution Fund to the extent moneys are lawfully available therein for such Payments.

2.9 Each Trustee and each person who is authorized by the Trustees to sign checks or is or may be engaged in handling monies or securities held in the Trust, or any other person who must be bonded according to Applicable Law or Regulations, shall be bonded at the expense of the Trust by a duly authorized fidelity company in such amounts as may from time to time be required by the Trustees or by any Applicable Law.

SECTION 3

The Trustees

3.1 At an organizational meeting held each year, the Trustees shall elect a Chairman from their number by a majority vote, who shall serve for a period of one year, or until a successor shall have been duly elected and qualified, whichever is later. The Chairman shall be the chief executive officer of the Trust, and may be elected to succeed himself or herself as Chairman. The Trustees shall have the power pursuant to the By-Laws to appoint other officers who shall have such authority and perform such functions as may be prescribed from time to time by such Trustees.

3.2 The Trust shall be administered by the Trustees who together shall constitute the Board of Trustees. One Trustee shall be appointed by each Member which is a county in the manner permitted by Applicable Law as each such county shall determine, and all of the Trustees shall at all times be either employees or elected officials of Members. The initial Trustees shall be those persons subscribed to this Agreement and shall serve until the first annual meeting of the Board of Trustees which shall be held not later than April 1, 1990, or until their respective successors are duly appointed and qualified. Prior to such annual meeting each Member shall appoint a Trustee in the manner permitted by Applicable Law as each shall determine to serve a two year term commencing on the date of the annual meeting. In the event of a vacancy due to termination of a Trustee's employment by a Member, or a Trustee's resignation, death or unwillingness or inability to serve, a successor Trustee shall be appointed by the Member which appointed the Trustee leaving the Board of Trustees, but, until such time as a successor Trustee has been appointed and qualified, the remaining Trustees shall have the power to act in the manner specified in this Trust Agreement, as more fully described in Section 3.4 hereof. Except for the initial Trustees set forth herein, each Trustee shall be

selected for a term of two years or until the end of the applicable term if appointed to fill a vacancy. Members which are Townships or Road Districts shall not be represented on the Board of Trustees and shall not have a vote at the annual meeting. Each Trustee shall be entitled to one vote at the meetings of the Board of Trustees.

3.3 A) Any Trustee may resign by delivering, either by mail or in person, his or her written resignation to the Chairman of the Board of Trustees.

B) Any Trustee leaving office for whatever reason shall forthwith turn over to the remaining Trustees, at the principal office of the Trust, any and all records, books, documents, monies and other property in his or her possession owned by the Trust or by the Trustee incident to this Agreement and the administration of the Trust; provided that such Trustee may retain photocopies of such documents, books and records.

3.4 The powers of the Trustees to act, as above provided, shall not be impaired or limited in any way pending the appointment of a successor Trustee to fill any vacancy; provided, however, that there shall at all times be no less than three (3) Trustees included in the necessary quorum.

3.5 The Trustees shall use ordinary care and reasonable diligence in the administration of the Trust. Nothing contained in this Agreement, either expressly or by implication, shall be deemed to impose any duties or responsibilities on the Trustees other than those expressly set forth in this Agreement. Neither the Trustees nor the Members shall be liable on account of the failure of any insurer to make any payment under any Policy, contract or any annuity held in the Trust.

3.6 The Trust shall indemnify any and all of its Trustees or officers, former Trustees or officers, employees, agents, or any person who may have served at its request or by its election as a Trustee or officer of another organization or association, or his or her heirs, executors and administrators against expenses (including attorney's fees, judgments, fines and amounts paid in settlement) actually and necessarily incurred by them in connection with the defense or settlement of any action, suit or proceeding in which they, or any of them, are made parties or a party, by reason of being or having been Trustees or a Trustee, officer, employee or agent of the Trust or of such other organization or association, except in relation to matters as to which any such Trustee or officers or person shall be adjudged in such action, suit or proceeding to be liable for willful misconduct in the performance of a duty and to such matters as shall be settled by agreement predicated on the existence of such liability. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person engaged in willful misconduct or in

conduct in any way opposed to the best interests of the Trust. The provisions of this section are severable, and, therefore, if any of its particular provisions are held to be unenforceable by a court of competent jurisdiction, the remaining shall be construed and enforced accordingly. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Trustee, officer, employee or agent may be entitled.

SECTION 4

Member Contributions to the Trust

4.1 There is hereby established as part of the Fund the Initial Contribution Fund to be held by the Depositary in accordance with Section 5 below, and to be used and disbursed as provided in Section 2.7 above. Each Charter Member shall pay to the Trust at such time as shall be decided by the Trustees an appropriate Initial Contribution determined by the Trustees in accordance with the coverage to be provided, the requirements of the Regulations, and the initial amount of reserves to be held in the Trust. Such Initial Contributions shall be deposited in the Initial Contribution Fund. In addition, Initial Contributions of new Members shall be deposited in the Initial Contribution Fund.

4.2 There is hereby established as part of the Fund a Premium Reserve Fund to be used and disbursed as provided in Section 2.7 above. Member Contributions from new Members shall be deposited in the Premium Reserve Fund. In addition, each Member shall pay such periodic Member Contributions for deposit in the Premium Reserve Fund as the Trustees shall deem necessary from time to time.

4.3 Upon admission to the Trust, each new Member shall pay a Member Contribution or an Initial Contribution in an amount to be determined by the Trustees in accordance with the coverage to be provided, the requirements of Applicable Law or Regulations and the amount of reserves to be held in Trust.

4.4 The Trustees, the Administrator and any of their agents, representatives, employees, accountants or attorneys, shall be permitted at all reasonable times to inspect properties, work places, plants, works, machinery and appliances used by Members and citizens and employees of Members covered by this Agreement, fire and police departments and equipment and parks and all public areas under the jurisdiction of Members and shall be permitted at all reasonable times while a Member is a party to this Agreement and within three years after the termination of status as a Member to examine each Member's books, vouchers, contracts, documents, and records of any and every kind which show or tend to show or verify the Members' contributions which are payable or were paid under the terms hereof.

SECTION 5

Management of Trust Money

5.1. Initial Contributions and Member Contributions will be held by the Depositary selected by the Trustees pursuant to Section 7.7 hereof, in accordance with the terms and conditions of the Depositary Agreement.

5.2. The Depositary Agreement shall contain such terms as are agreeable to the Depositary and the Trust; provided, however, (i) the Depositary Agreement shall contain those terms and conditions specified in Sections 5.3 to 5.7 inclusive; (ii) so long as any money shall be held in the Initial Contribution Fund, the Trust shall obtain the written opinion of Bond Counsel that neither entering into the proposed Depositary Agreement nor the investment of money in accordance with the terms and conditions of the Proposed Depositary Agreement will adversely effect the tax-exempt status of the interest on the Bonds; and (iii) the Trust shall obtain the written opinion of legal counsel that any income earned under the proposed Depositary Agreement will not be subject to federal income tax.

5.3. The investment of money held in the Premium Reserve Fund shall be held by the Depositary and invested separately from money held by the Depositary in the Initial Contribution Fund.

5.4. The Depositary shall establish two accounts in the Initial Contribution Fund, designated the Earnings Account and the Principal Account. The Depositary shall deposit all Initial Contributions to the Principal Account. Any earnings on the investment of money deposited in the Initial Contribution Fund shall be credited to the Earnings Account of the Initial Contribution Fund. Amounts deposited in either account of the Initial Contribution Fund shall be invested at a yield that does not exceed the lowest yield on any issue of the Bonds by the Charter Members. For purposes of the preceding sentence, the "yield" on an issue of Bonds shall be established in writing, by Bond Counsel for each of the Charter Members.

5.5. On the first business day following January 1 of each year (the "Determination Date") beginning in calendar year 1990, the Depositary shall provide to the Trust and to each of the Charter Members, a statement of the balance in the Earnings Account of the Initial Contribution Fund as of that date. The Depositary shall then segregate such balance into separate "Levy Abatement Subaccounts" of the Earnings Account for each Charter Member. The Depositary shall determine each Charter Member's "Levy Abatement Subaccount" deposit by allocating a proportionate share of the balance on deposit in the Earnings Account of the Initial Contributions Fund on the Determination Date to each Charter Member in proportion to such Charter Member's Initial Contribution to the Initial Contribution Fund. Amounts deposited and held in the Levy Abatement Subaccounts do not constitute

Funds or assets of the Trust and are held only to make principal and interest payments on Bonds issued by the Charter Member to which each Levy Abatement Subaccount relates.

5.6. On the first debt service payment date of each calendar year for any Bonds beginning in 1990, the Depository shall transfer to the Paying Agent for Bonds issued by each Charter Member, the amount, up to the balance in the Levy Abatement Subaccount, that is requested, in writing, by the Charter Member. On the second debt service payment date of each calendar year for any Bonds beginning after 1989 the Depository shall transfer to the Paying Agent for Bonds issued by each Charter Member, an amount equal to the remaining balance of the Levy Abatement Subaccount of the Earnings Account.

5.7. After the deposit by the Charter Members to the Initial Contribution Fund, if any Members are thereafter required to make an Initial Contribution to the Initial Contribution Fund, such contributions shall be allocated in a separate account of the Initial Contribution Fund and separately invested therein, in accordance with the provisions set forth in Sections 5.3 to 5.6, inclusive, above.

SECTION 6

Participation and Minimum Term of Membership

6.1 An applicant who satisfies the requirements of Section 1.16 of this Trust Agreement and submits a request for membership in the Trust may be admitted, provided it satisfies the eligibility requirements or rules for membership established by the Trustees pursuant to Section 2.6 and is elected by no less than two-thirds of the Trustees. The Trustees, in their sole discretion, shall have the right to accept or reject any applicant for membership. Membership in the Trust shall commence on the date determined by the Trustees. Any Member who participates in this Trust shall as a condition of such membership execute this Trust Agreement.

6.2 Any applicant who becomes a Member in accordance with the provisions of this Section 6 shall, subject to any Applicable Law or Regulations and Section 6.3 and 6.4, continue participation for an initial term of five (5) years. After this initial term, a Member may voluntarily withdraw at the end of any given fiscal year, by written notice to the Trustees at least ninety (90) days prior to the expiration of the fiscal year of the Trust established by the By-Laws of the Trust.

6.3 The membership of any Member may be terminated by a vote of two-thirds of the Trustees in the following circumstances:

A) If a Member fails to make its requisite Member Contribution on the date when due or within the period of time

allowed by the Trustees for the payment thereof.

B) If a Member fails to satisfy the requirements set forth in Section 1.16 or established under Section 2.6 of this Agreement.

C) Failure to comply with this Trust Agreement, the By-laws and the Operating Procedures, as amended from time to time.

D) Failure to meet other requirements for continued membership, such as underwriting criteria and participation in safety/loss prevention programs, as may be determined by the Trustees as they deem necessary to preserve the stability and strength of the Trust and which are otherwise consistent with the provisions of this Trust Agreement and any Applicable Law or Regulations.

6.4 When, in accordance with the provisions of this Section 6, a Member's membership in the Trust is subject to termination, the Member's membership and coverage of the Member and its officers and employees shall terminate as of the last day of the month following the month in which notification that a decision to terminate membership occurs, provided the Trustees determine that the cause of termination has not been cured prior to that date. After a Member's membership terminates, the Member shall have no further rights or interests in the Trust or Funds for future coverage periods, and no liability shall accrue to the Trust or any Member for any accident, loss or claim against the terminated Member occurring after termination.

6.5 Upon the termination of a Member's membership, distributions, if any, shall be made to the former Member as follows, subject to the approval of the Trustees:

A) If a Member voluntarily terminates its membership pursuant to Section 6.2 or is terminated pursuant to Section 6.3, the Member shall receive a refund equal to the sum of such Member's Initial Contribution, if any, and Member Contributions paid, less any Member Contributions due but unpaid, less a pro rata share of the costs of administration and reinsurance premiums on Policies during the period that such Member was a Member, less a pro rata share of losses paid during such Period, a pro rata share for reserves for known claims and a factored reserve for incurred but not yet reported claims; provided, however, no refunds shall be made to a Member being terminated until all claims known as of the last day of the month following the month in which notification that a decision to terminate occurs have been paid, and no refunds shall be made to a withdrawing Member until all claims known at the end of the fiscal year in which such Member has given notice of withdrawal have been paid, or reserves therefor have been provided.

B) Termination of Membership pursuant to this Section 6.3 shall not release the Member from its liability for acts, omissions or occurrences prior to the effective date of its termination; and the terminated Members shall continue to be subject to assessments attributable to and covering such period.

SECTION 7

Power of Trustees

7.1 The Trustees shall determine all questions of coverage, eligibility, methods of providing or arranging for benefits and all other related matters. They shall have full power to construe the provisions of this Agreement and the terms used herein. Any such determination and any such construction adopted by the Trustees in good faith shall be binding upon all parties hereto and the Members as beneficiaries hereof, provided such determination or such construction is consistent with Applicable Law.

7.2 The Trustees shall have full power to assume and discharge any lawful and proper award or claim. Any such award or claim shall be paid from such of the Funds held by the Trust as the Trustees shall determine, subject to compliance with any Applicable Law or Regulations and Section 5 hereof.

7.3 The Trustees shall adopt By-Laws (the "By-Laws") and Operating Procedures (the "Operating Procedures") for the Trust pursuant to the unanimous consent of the initial Board of Trustees selected by the Charter Members. Such By-Laws and Operating Procedures shall contain the operating rules and procedures of the Trust that are not inconsistent with this Trust Agreement. The By-Laws and the Operating Procedures may be amended as provided for therein.

7.4 The Trustees shall have the right to enforce the performance of all obligations herein and in the By-laws and Operating Procedures and to institute proceedings of and nature whatsoever to enforce the same.

7.5 Title of all of the monies paid into the Trust and all of the assets and property of the Trust shall be vested in and remain exclusively in the Trustees, and Members shall not have any right, title or interest in or to any of the Trust assets or the Fund or any part except as set forth in Section 6.5 hereof. It is the intention of the parties hereto that the Trust shall constitute an irrevocable trust, until terminated as provided herein, for the sole and exclusive benefit of Members entitled to benefits of the Trust, and no benefits or monies or property of this Trust shall at any time be subject in any manner to anticipation, alienation, claims for alimony or marital or child

support, sale transfer, assignment, pledge, encumbrance, or charge, and any attempts to do so shall be void.

7.6 Except as otherwise provided for herein and in the By-laws, any action by the Trustees pursuant to this Agreement may be taken by a majority vote of the Trustees either at a meeting in person or by telephone conference call or by a combination of the foregoing. In the event all of the Trustees shall consent in writing to any action taken or to be taken by the Trust, such action is a valid action as though it had been authorized at a meeting of the Trustees.

7.7 The Trustees shall appoint a Depositary with which the Initial Contribution Fund, the Premium Reserve Fund and such other funds and accounts of the Trust as the Trustees shall determine shall be deposited in accordance with the terms of the Depositary Agreement. The Depositary will have the power to hold, invest, reinvest and pay any monies of the Trust in accordance with provisions of Section 5 hereof and such Depositary Agreement. The Depositary Agreement shall not permit the investment or reinvestment of any monies in any way which is inconsistent with the provisions of Section 5 hereof and of any Applicable Law. Such investments shall be reasonable and Proper at the time that the Depositary makes the investment.

7.8 The Trustees shall have the power to contract for Policies and to set the limits of any claim against any Member to be paid out of the cash reserves of the Trust or by a Policy.

7.9 Any instrument or document in writing may be signed, executed, verified, and delivered by such officers, agents, or Trustees as the Trustees may from time to time elect or appoint.

7.10 The Trustees may hire or appoint one or more Administrators to perform such duties and functions as shall be specified in an agreement executed by the Administrator and by the Trustees, as permitted or required by Applicable Law or Regulations. In the absence of an Administrator, the Chairman shall assume those responsibilities.

SECTION 8

Audits and Reports

8.1 The Trustees shall keep true and accurate books of account and records of all their transactions as Trustees and shall provide financial statements to the Members on a periodic basis as determined by the Trustees. Such financial statements shall be reviewed by an independent certified public accountant as required by any Applicable Law or Regulations but not less often than annually. A statement of the results of such review shall be made available for inspection by Members and others as

required by Applicable Law at the office of the Trust, or at such other place as may be designated by the Trustees. The Trustees, within their discretion, shall, at reasonable intervals, furnish reports representing the status of the Trust, the application of the Initial Contributions and the Member Contributions received, and such other pertinent information regarding the operation of the Trust and the benefits obtained under the Policies as may seem desirable or advisable, but shall not be required to furnish such reports more often than annually. The Trustees shall cause to be made and filed all required documents and reports to governmental entities as required by Applicable Law and Regulations.

8.2 At the first regular meeting of the Trustees in each fiscal year of the Trust, the Service Agent shall submit a report listing all loss claims that have been paid during the preceding fiscal year from amounts deposited in the Initial Contribution Fund and the Premium Reserve Fund, which report shall indicate the date of occurrence of the event resulting in each such loss claim. In addition, such report shall specify (i) the total amount of loss claims that have been paid after the date of admission of a Member to the Trust in respect of occurrences prior to the date of such admission and (ii) for each member, the total amounts, if any, paid in respect of loss Claims described in clause (i) from funds derived from such Member's Initial Contribution or Member Contributions. Upon approval of the Service Agent's report by the Trustees, the Trustees shall adopt a resolution directing that each Member receive a credit against any member Contributions to be paid during the fiscal year in an amount equal to the amount specified in the Service Agent's report pursuant to clause (ii) of the preceding sentence.

SECTION 9

Amendment

9.1 This Agreement may be amended to any extent at any time, and from time to time, with the two-thirds concurrence of all of the Trustees serving at that time; provided, however, (i) that no amendment may be submitted or acted upon which shall divert the Funds, or any part thereof, to a purpose other than that set forth in Section 2.1; (ii) that no amendment of Section 5 shall become effective unless the Trustees shall receive an opinion of Bond Counsel to the effect that such amendment will not adversely affect the tax-exempt status of the interest on any Bonds, (iii) that no amendment will become effective until the Trustees shall receive the opinion of legal counsel that such amendment will not cause any of the income of the Fund to be subject to Federal income taxation and (iv) no amendment shall exclude or limit any single Member's rights or benefits hereunder without the approval of such Member. The Trustees shall notify all Members as to any amendment to this Trust Agreement as soon as practicable after the date of such amendment.

SECTION 10

Termination of Trust

10.1 The Trust may be terminated at any time after December 1, 1994, upon the concurrence of two-thirds of all the Members.

10.2 The Trust shall be terminated on December 1, 2008, subject to a vote of the majority of the Trustees to extend the term of the Trust for such period as may then be authorized by law.

10.3 In the event of termination of the Trust, the Trustees may take any action with regard to any Policy or Policies which may be appropriate or required by the insurance carriers of such Policy or Policies.

10.4 If the Trust is dissolved, each Member shall remain fully obligated for its prorata share of any claim against the Trust due to an occurrence or claim taking place during its term of Membership, along with any other unfulfilled obligation, including but not limited to, calls for supplementary Member Contributions for years of its Membership which may be called for in subsequent years. In the event the Trust is dissolved, the Trustees shall continue to meet on such a schedule as shall be necessary to wind up the affairs of the Trust.

10.5 Any distribution of the Fund to Members other than distributions from the Levy Abatement Subaccount of the Initial Contributions Fund pursuant to Section 5.6 hereof shall be made only after all financial obligations of the Trust have been satisfied or reserves therefor have been provided, including settlement of all outstanding and incurred but not reported claims not barred by the statute of limitations, and the payment of necessary expenses. Upon the satisfaction of all financial obligations and upon the approval of the Trustees, any remaining funds in the Initial Contribution Fund shall be distributed to the Members in the amount of their respective prorata share as determined by the relationship of each Member's Initial Contribution to the aggregate of Initial Contributions. Each such Member shall agree to place such funds in a special account, segregated from other funds of such County, to be used only for purposes that would not affect the tax-exempt status of interest on any Bonds for Federal income tax Purposes. Any remaining funds in the Premium Reserve Fund shall be distributed to the Members in the amounts of their respective prorata share as determined by the relationship of each Member's last Member Contribution to the aggregate of the last total Member Contribution of all Members of the Trust.

SECTION 11

Obligation of Members

The Trust and its Members jointly and severally agree, upon the exhaustion of the Fund, to assume and discharge by payment, any lawful awards or judgments against any Member of the group in an amount up to the limit fixed by the Trustees pursuant to the Operating Procedures and Policies, which awards or judgments shall have been sustained by the courts where an appeal by either party is taken. Each Member shall be responsible for contributing its prorata share as determined by the relationship of each Member's last Member Contribution to the aggregate of the last total Member Contribution of all the Members.

Each Member agrees to be bound by all of the terms of the Trust Agreement as amended from time to time and to abide by the By-laws and Operating Procedures promulgated by the Trustees for the administration of the Trust, which shall include, but not be limited to, the following:

1. Each Member agrees to initiate and maintain a safety program, to give its employees safe and sanitary working conditions and to maintain all properties within its territorial limits which are open to use by the general public in a safe condition and agrees to follow the general recommendations of the Trust, its Administrator and agents to promote the general welfare of its employees and all members of the general public who use or are Permitted on any of its properties. Each Member, however, shall remain solely responsible for all decisions concerning its safety program and practices and may not rely upon evaluations or recommendations made by the Trustees, their Administrator or agents in making final decisions concerning its safety program and practices.
2. When an inquiry or accident covered by this Agreement occurs, the Member shall immediately complete and file the original and one copy of an accident report with the claims service designated by the Trustees.
3. If a claim is made or suit or other proceeding is brought against the Member, the Member shall immediately forward to the Trustees every demand, notice, summons, pleading or other process received.
4. The Member shall cooperate with the Trustees and, upon the Trustees' request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses

and otherwise cooperate in the conduct of suits, hearings or proceedings. The Member shall not, except at its own cost, which shall not be reimbursed out of the Trust, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and other services at the time of injury as are required by the Illinois Worker's Compensation Law or other Applicable Law.

5. Each Member shall make prompt payment of all Member Contributions required under this Agreement.
6. Each Member acknowledges that the Trustees may appoint an Administrator and that such Administrator shall be the agent to act in the Member's behalf to file reports and to make or arrange for payment of claims, medical expenses and all other things required or necessary insofar as they affect the Member's liability.
7. Each Member agrees that, in the event of the payment of any loss by the Trust under this Agreement, the Trust shall be subrogated to the extent of such Payment to all the rights of the Member against any person or other entity legally responsible for damages for said loss, and in such event, the Member hereby agrees to render all reasonable assistance, other than pecuniary assistance, to effect recovery.

SECTION 12

Miscellaneous

12.1 The Members shall furnish to the Trustees such records and any and all other information that the Trustees or the excess insurance carriers of the Policies may require in connection with the issuance of a Policy or Policies.

12.2 No person, firm or corporation dealing with the Trustees shall be obligated to see to the application of any property of the Trust or to see that the terms of the Trust have been complied with or be obliged to inquire into the necessity of any act of the Trustees, and every instrument executed by the Trustees shall be conclusive in favor of any person, firm or corporation relying thereon that:

- (A) At the time of the delivery of such instrument the Trust was in full force and effect:
- (B) Such instrument was effected in accordance with the terms and conditions of this Agreement; and
- (C) The Trustees were duly authorized and empowered to execute such instrument.

12.3 All questions pertaining to the validity, construction and administration of this Trust shall be determined in accordance with the laws of the State of Illinois.

12.4 Words used in the masculine gender shall be construed as through they were also used in the feminine or neuter form, and words used in the singular form shall also be construed as though also used in the plural form, and vice versa, all as the context requires or suggests.

12.5 This Agreement may be signed in one or more counterparts, all of which taken together shall constitute one instrument. The signatures of parties appearing on one or more counterparts shall bind them as fully as though all such parties had signed the same counterpart.

IN WITNESS WHEREOF, the Trustees have executed this Agreement and the Members have caused this Agreement, which may be executed in one or more counterparts, to be executed as of April 1, 1989.

Members:

Board of Trustees:

THE COUNTY OF JOHNSON

By: Dean Harper
Chairman of the County Board

Dean Harper
Dean Harper (Johnson) Trustee
Address and Tel. No:
Courthouse, Vienna, IL 62995
(618) 658-3611

THE COUNTY OF PULASKI

By: James J. Ulrich
Chairman of the County Board

James J. Ulrich
James Ulrich (Pulaski) Trustee
Address and Tel. No: Courthouse
Mound City, IL 62963
(618) 634-2497

THE COUNTY OF UNION

By: Mickey J. Kelley
Chairman of the County Board

Mickey J. Kelley
Mickey Kelley (Union) Trustee
Address and Tel. No. Courthouse
309 W. Market St., Jonesboro,
IL 62952 (618) 833-8422