

RESOLUTION NO. 2018-90

**RESOLUTION AUTHORIZING MEMBERSHIP IN THE CITIES
AND VILLAGES MUTUAL INSURANCE COMPANY**

WHEREAS, Section 66.0137 of the Wisconsin Statutes authorizes municipalities to participate in and pay the cost of risk management services and liability insurance through participation in a municipal insurance mutual organized under Section 611.23 of the Wisconsin Statutes; and,

WHEREAS, in 1987 twenty-five Wisconsin cities and villages formed the Wisconsin Municipal Insurance Commission (“WMIC”), an intergovernmental cooperation commission pursuant to former Section 66.30, now Section 66.0301, of the Wisconsin Statutes, to design and capitalize a municipal insurance mutual under Sections 66.0137 and 611.23; and

WHEREAS, WMIC created a municipal insurance mutual and obtained its incorporation as Cities and Villages Mutual Insurance Company (“CVMIC”) by the Wisconsin Commissioner of Insurance; and

WHEREAS, since 1987 CVMIC has grown to forty-eight member municipalities and has developed a wide range of risk management, loss control and insurance joint purchase services; and

WHEREAS, it is the finding and determination of this [Village governing body] that it is in the best interest of the Village of Caledonia (the “Village”) to meet its liability insurance needs through cooperative efforts with other cities and villages by becoming a member of CVMIC.

NOW, THEREFORE, BE IT RESOLVED, by the [Village governing body] of the Village that:

1. Participation. The Village will become a member of CVMIC and the Village may participate in joint purchases of risk management, loss control and insurance services offered by CVMIC. The Village [Village officer] and other Village officials are hereby authorized to take the actions necessary to such membership and participation.
2. CVMIC Articles and By-laws. The Articles of Incorporation and By-laws of CVMIC, attached hereto as Exhibits A and B respectively are hereby accepted and approved.
3. Coverage and Premium. The insurance coverage to be provided to the Village by CVMIC is set forth in the coverage document (the “Policy”), as may be amended from time to time, attached hereto as Exhibit C. The Policy and premium to be paid by the Village to CVMIC for the Policy are hereby approved.

4. Designated Representative. [Village officer name and title] is hereby designated as the Village's representative to CVMIC; [she or he] is authorized to act on behalf of the Village at meetings of representatives where CVMIC conducts its affairs; and in so doing, [she or he] is acting in an official capacity Village and/or within the scope of [her or his] employment.
5. Conflicting Resolutions. All prior resolutions, rules or other actions of the Village or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby repealed insofar as the same may so conflict.
6. Severability. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof.

Adopted by the Village Board of the Village of Caledonia, Racine County, Wisconsin, this 15th day of October, 2018.

VILLAGE OF CALEDONIA

By: James R. Dobbs

James R. Dobbs, Village President

Attest: Karie Torkilsen

Karie Torkilsen, Village Clerk



Cities and Villages Mutual Insurance Company Member Responsibilities & Obligations

These responsibilities and obligations have been adopted by the Board of Directors of the Mutual in accordance with Article III Section 10 of the Bylaws.

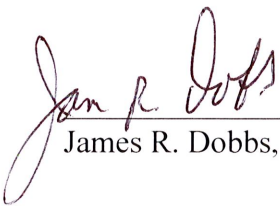
1. Each Member shall designate a representative (Member Representative) to the Mutual as required by Article II Section 1 of the Bylaws. The Member Representative shall have authority to act on behalf of their municipality on all matters related to CVMIC. That Member Representative shall comply with required duties and responsibilities as defined below:
 - Attend all scheduled Member meetings (Summer, Annual, Special) OR
 - Designate a proxy if unable to attend one of the scheduled meetings as allowed in Article II Section 4 of the Bylaws
 - Be a liaison between CVMIC and the appropriate officials or employees of the Member for risk management, safety, and loss control activities of the Member

2. Each Member shall comply with applicable State and Federal laws and administration rules and will take all steps to avoid an intentional or willful violation that exposes the Members and the Mutual to unnecessary liability.

3. Each Member shall utilize effective risk management practices and tools, including the recommendations of the Mutual when unsafe conditions or potential liabilities are identified.
 - Risk Management, as defined in the Intergovernmental Cooperation Agreement, means the process of identifying, evaluating, controlling, transferring and eliminating risks.
 - Risk Management also includes working with the Mutual to fund claim payments, determining self-insured levels commensurate with each Member's risk, legal defense of claims, purchasing insurance, and collaborating with the Mutual to establish reserves for potential claims.
 - Members are expected to actively assist with the development and implementation of their loss control work plan, coordinate loss control and training activities, complete the triennial risk assessment, and be pro-active in identifying, evaluating, transferring and eliminating risks.
 - Members shall also take steps to ensure elected officials, appointed officials, volunteers, Member management, Member supervisors and Member employees participate in scheduled or online employment practices liability training to meet the standards described in the laws and rules.

4. Each Member shall designate an individual or individuals to manage and report claims:
- Members are expected to comply with CVMIC's Claims Policies and Procedures and the reporting requirements of all insurance contracts as they would with any other insurance company.
 - Policies and Procedures include but are not exclusive to:
 - a. Liability Claims Quality Control Guidelines
 - b. Liability Claims Administration Guide
 - c. Litigation Policy
 - d. Workers' Compensation Claims Guide
5. The Mutual (CVMIC) staff will work with Members that fall short in meeting the obligations outlined in the Insurance Policies and Intergovernmental Cooperation Agreement. If the Member continues to not meet the requirements agreed to when joining the Mutual, the matter can be referred to the Board of Directors for discussion. The Process of Notification of non-compliance is outlined below:
- The Mutual shall send the Member written notification of the Member's failure to comply with the above guidelines.
 - The Member shall reply to the notification, within 30 days of the notification, with a written plan outlining the corrective action to be taken. Extensions may be granted under extenuating circumstances, at the discretion of the Mutual and the Board of Directors
 - The Mutual will coordinate with the Member on its corrective program, after approval, on completing the program within 60 days from the receipt of the written response. The Member can request an additional 60 days from the Mutual
 - The Board of Directors and the Membership will review the program and failure to implement the program can result in cancellation and non-renewal of a Member's policies with the Mutual at the end of the policy period.

By signature below, we accept, acknowledge and agree to comply with the above responsibilities and obligations.



James R. Dobbs, Village President

Village of Caledonia

10-15-18

Date

EXHIBIT A

AMENDED AND RESTATED ARTICLES OF INCORPORATION
of
CITIES AND VILLAGES MUTUAL INSURANCE COMPANY

Pursuant to the provisions of Chapter 611 of the Wisconsin Statutes, the members adopted the following Amended and Restated Articles of Incorporation on October 4, 2014 effective January 1, 2015:

ARTICLE I

NAME OF CORPORATION

The name of the Corporation is:

CITIES AND VILLAGES MUTUAL INSURANCE COMPANY

ARTICLE II

PURPOSE OF CORPORATION

The Corporation is organized under Chapter 611 of the Wisconsin Statutes. The purpose of the Corporation is to engage in and carry on the business of insurance as a municipal mutual insurance company and to engage in any lawful act or activity for which municipal mutual insurance companies may be organized under the laws of the State of Wisconsin.

ARTICLE III

MEMBERSHIP

Each holder of a policy of insurance issued by the Corporation shall be a member of the Corporation. Policies of insurance may only be issued to Wisconsin cities and villages and to commissions formed by intergovernmental cooperation contracts that include Wisconsin cities or villages, or both, as parties. There shall only be one class of members.

ARTICLE IV

BOARD OF DIRECTORS

The Board of Directors of the Corporation shall consist of such number as shall be determined from time to time, in the manner provided in the By-Laws of the Corporation. The members of the Board of Directors shall be elected or appointed in the manner provided in the By-Laws of the Corporation.

ARTICLE V

MAILING ADDRESS AND REGISTERED AGENT

The mailing address of the principal office of the Corporation is as follows:

9898 W. Bluemound Road
Wauwatosa, WI 53226-4319
Attn: Thomas E. Mann

The name and address of the registered agent of the Corporation is as follows:

Thomas E. Mann
9898 W. Bluemound Road
Wauwatosa, WI 53226-4319

ARTICLE VI

ASSESSABLE POLICIES PERMITTED

The Corporation will issue assessable insurance policies. All policyholders will be subject to assessments as necessary to pay claims. Such assessments shall be determined by the Board of Directors on an equitable basis separately for each class of insurance, as defined by Wisconsin law, that is written by the Corporation.

ARTICLE VII

DISTRIBUTION ON DISSOLUTION

Upon dissolution of the Corporation, whether voluntary or involuntary, the Corporation shall continue to hold all assets to apply to the payment (or provision for payment) of claims under policies issued by the Corporation, and for the discharge of all other valid debts and obligations of the Corporation. Upon discharge of all valid debts and obligations, the Corporation shall distribute any remaining assets to all members of the Corporation that were not in default of any payment obligation to the Corporation on the date of dissolution, according to each member's respective allocable share. Such allocable share shall be determined by calculating the aggregate amount of all premiums paid by the member to the Corporation for a public entity liability insurance policy ("Policy") during the last ten Policy years for which the Corporation issued such Policies (reduced by 15% of all aggregate claims incurred by the member and paid for such Policy years) plus the aggregate amount of all self-insured retentions maintained by the member under the Policy during the last ten Policy years for which the Corporation issued such Policies, in proportion to such aggregate premiums (likewise reduced by such aggregate claims) and such self-insured retentions of all members. In making this calculation, premiums shall be weighted 70% and self-insured retentions shall be weighted 30%.

EXHIBIT B

BY-LAWS

CITIES AND VILLAGES MUTUAL INSURANCE COMPANY

**Amended: 11/12/88, 11/4/89, 10/26/91, 12/04/02, 12/14/05, 9/12/07,
9/9/09, 6/14/11, 10/6/12, 5/14/14 (effective 1/1/15), 9/06/17, and 2/14/18**

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ARTICLE I - PRINCIPAL PLACE OF BUSINESS

The principal place of business or home office of the Cities and Villages Mutual Insurance Company (the "Company") shall be in the City of Wauwatosa, in the County of Milwaukee in the State of Wisconsin.

ARTICLE II - MEMBERS AND MEETINGS

Section 1. Membership. All cities, villages, and commissions formed by intergovernmental cooperation contracts that include Wisconsin cities or villages, or both, as parties ("Municipality" or "Municipalities") that become policyholders of the Company shall be members thereof and entitled to all the privileges and subject to all the liabilities of membership while their respective policies, including preliminary binders, are in force, except so far as such privileges may be expressly waived by a member. A Municipality which becomes a member of the Company may authorize any person to represent it therein. (Hereinafter, said person shall be referred to as a "Representative".) Until the Company shall have received written notice to the contrary from such Municipality or until some other person shall have been authorized to represent the Municipality in the Company and the Company shall have received written notice thereof, the Company may assume that the Representative is the duly authorized Representative of the Municipality and entitled to act and vote on its behalf. Whenever in these By-Laws the word "Member" is used, the same shall be deemed and construed to mean, according to the context, either the Municipality or its Representative.

A. Admission. The Company will accept applications for coverage from Municipalities, and may admit such applicants by two-thirds vote of the Board of Directors. To be admitted and continue as a Member, every Municipality shall maintain a Public Entity Liability Insurance Policy with the Company.

B. Withdrawal. The Company shall permit a Member to withdraw from membership and from coverage under the Public Entity Liability Insurance Policy provided that (a) such Member is not in default of any of its obligations to pay premiums to the Company; (b) such Member provided the Company with written notice of its intent to withdraw no less than one year prior to the effective date of the withdrawal; and (c) such withdrawal shall be effective on January 1. In no event shall withdrawal release a Member from its obligations as a Member, including assessments and other payment obligations, related to periods before the effective date of withdrawal. Notice of withdrawal shall be revocable by the Member only with the consent of the Company.

C. Expulsion. The Company may expel a Member from coverage and membership provided that (a) the Member is in default of an obligation to the Company, and (b) the expulsion is effective ten (10) days after written notice is given in cases of default in premium payments, or sixty (60) days after written notice is given in cases of default of any other obligations, or such longer notice as is required by law. In no event shall expulsion from coverage and membership release a Member from its obligations as a Member, including assessments and other payment obligations, related to periods before the effective date of expulsion.

Section 2. Annual Meeting. The annual meeting of the Members of this Company shall be held during the last quarter of each calendar year. The date, time and place of the annual meeting shall be determined by the Board of Directors. The Members shall elect a Board of Directors and transact such other business as shall lawfully come before them, and at such meeting every Member shall be entitled to one vote, to be cast in person or by proxy. If for any cause the annual meeting for any year is not held as provided above, then the Board of Directors or the President shall call a special meeting to be held as soon as is practical thereafter in lieu of and for the purpose of such annual meeting, and all proceedings at such meeting shall have the same force and effect as if taken at the regular annual meeting.

Section 3. Special Meetings. Special meetings of the Members of the Company shall be held at the place, day and hour as may be specified in the notice of the meeting. The Secretary/Treasurer or, in case of his or her absence, incapacity, or disability, such person as the Board of Directors or the President shall appoint, shall call such special meeting whenever requested in writing to do so by the President, or a majority of the Board of Directors or by fifty percent of the Members. Such request shall state the purpose of such meeting. Every Member shall be entitled to one vote at such meeting, to be cast in person or by proxy.

Section 4. Proxies. Members may vote by proxy at all meetings of the Members provided the proxy is in writing, signed by the Member or the Member's duly authorized attorney-in-fact. All proxies must be filed with the Secretary/Treasurer at or prior to the meeting at which they are to be used. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.

Section 5. Notice of Meetings.

A. Notice. Notice of any meeting shall be given by oral or written notice delivered to each Member in one of the methods described in Subsection B hereof not less than ten (10) days nor more than sixty (60) days before the date of the meeting, by or at the direction of the President, the Secretary/Treasurer, or other officer or persons calling the meeting to each Member of record entitled to vote at such meeting. However, if notice is mailed by other than first class or registered mail, notice must be mailed not less than thirty (30) days before the meeting date. The purpose of and the business to be transacted at any special meeting of the Members shall be specified in the notice or waiver of notice of such meeting.

B. Methods of Giving Notice. In addition to any other method of notice provided for in these By-Laws or by applicable law, notice of any annual, regular or special meeting of Members, any annual or special meeting of directors, and any other notice required to be given under these By-Laws or applicable law may be communicated in person, by telephone, facsimile, electronic communication (including email), or other form of wire or wireless communication, or by mail or private carrier, and if these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published, or by radio, television or other form of public broadcast communication. Oral notice is effective when communicated. Written notice is effective at the earliest of the following: (a) when received; (b) when deposited in the U.S. mail, if mailed postpaid and correctly addressed; (c) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the

receipt is signed by or on behalf of the addressee; or (d) when sent by email, if correctly addressed.

C. Waiver of Notice. Whenever any notice whatever is required to be given under the provisions of the applicable law or under the provisions of the Articles of Incorporation by By-Laws of the Company, a waiver thereof in writing, signed at any time by the person or person entitled to such notice, shall be deemed equivalent to the giving of such notice. The attendance of a Member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

D. Adjourned Meetings. Unless otherwise provided by law, if an annual, regular or special meeting of Members is adjourned to a different date, time or place, notice need not be given of the new date, time or place, if the new date, time or place is announced at the meeting before adjournment.

Section 6. Reports. At each annual meeting of the Members, the Board of Directors and Officers shall submit complete and detailed reports of the condition of the Company.

Section 7. Quorum. A majority of Members present in person shall constitute a quorum at any meeting. However, less than a quorum may adjourn from time to time. A vote of the majority of a quorum at a meeting is sufficient to take action unless a vote by a greater number is required by law, the Articles of Incorporation or these By-Laws.

Section 8. Equitable Exercise of Responsibilities. The Company shall exercise all rights and responsibilities hereunder reasonably and equitably for the benefit of all Members without preference or discrimination among Members.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Board of Directors. The Company shall be governed by a seven member Board of Directors.

A. Director Classes. While there is only one class of Members, for purposes of election of the Board of Directors and no other purpose the seven seats on the Board of Directors shall be apportioned as follows:

1. Two Class One Seats. Two seats shall be held by Representatives from Members with populations in excess of 50,000. (Hereinafter referred to as “Class One Seats”.)

2. Two Class Two Seats. Two seats shall be held by Representatives from Members with populations of 15,001 through 50,000. (Hereinafter referred to as “Class Two Seats”.)

3. Two Class Three Seats. Two seats shall be held by Representatives from Members with populations of 15,000 or less. (Hereinafter referred to as “Class Three Seats”.)

4. One At Large Seat. One seat shall be held by a Representative from a Member without regard to population. (Hereinafter referred to as the “At Large Seat”).

For all purposes under these By-Laws, the population of a Member that is a commission formed by intergovernmental cooperation contract shall be determined by aggregating the populations of all parties to the intergovernmental cooperation contract.

B. Interlocking Directorates and Other Relationships. No person may simultaneously be a Director of the Company and a director, officer, employee or agent for another insurer if the effect is to lessen competition substantially or if the Company and the other insurer have materially adverse interests.

Section 2. Meetings. Meetings of the Board of Directors shall be held at the call of the President, a majority of the Board of Directors or upon the call of one half of the Members. Meetings of the Board of Directors shall be held at the principal office of the Company or at such other place as may be designated by the President. The Board of Directors may establish a schedule of regular meetings.

A. Notice. The Secretary/Treasurer shall give notice or shall cause notice to be given of all regular meetings of the Board of Directors by mailing a notice to each Director and all other Representatives at least five days prior to holding such regular meeting. The Secretary/Treasurer shall give notice or shall cause notice to be given of any special meeting of the Board of Directors by providing written or telephonic notice to each Director and all other Representatives in such a manner that it is received at least 12 hours prior to the holding of any such special meeting.

B. Quorum. The action of a majority of a quorum of the Board of Directors at any regular or special meeting shall be valid notwithstanding any defect in the notice of such meeting.

C. Meetings By Telephone or Other Communication Technology. Any or all Directors may participate in a regular or special meeting of the Board of Directors or in a committee meeting by, or conduct the meeting through the use of, telephone or any other means of communication by which either: (a) all participating directors may simultaneously hear each other during the meeting or (b) all communication during the meeting is immediately transmitted to each participating Director, and each participating Director is able to immediately send messages to all other participating Directors. If a meeting will be conducted through the use of any such means, all participating Directors shall be informed that a meeting is taking place at which official business may be transacted. A Director participating in a meeting by any such means is deemed to be present in person at the meeting.

Section 3. Annual Meeting. The first meeting and each annual meeting of the Board of Directors shall be held on the same day and at the same place as the first meeting and each annual meeting of Members, and shall convene immediately after adjournment of the annual meeting of the Members. At such annual meeting the Board of Directors shall elect the officers of the Company. If for any cause the annual meeting of the Board of Directors shall not be held at the time designated, or, being held, there shall be failure to elect officers, such officers may be elected at a subsequent meeting called for such purpose.

Section 4. Quorum. A majority of the members of the Board of Directors shall constitute a quorum of Board of Directors for the transaction of business. However, less than a quorum may adjourn from time to time. A vote of the majority of a quorum at a meeting is sufficient to take action unless a vote by a greater number is required by law, the Articles of Incorporation or these By-Laws.

Section 5. Election. The Board of Directors shall be elected by the Members at the annual meeting. All Representatives shall be entitled to vote in the election of candidates to all seats on the Board of Directors.

A. Nominations. Candidates for Class One Seats shall be nominated by the Representatives from Members with populations in excess of 50,000. Candidates for Class Two Seats shall be nominated by Representatives from Members with populations of 15,001 through 50,000. Candidates for Class Three Seats shall be nominated by Representatives from Members with populations of 15,000 or less. Candidates for the At Large Seat may be nominated by any Representative.

B. Terms. The Representative elected to the At Large seat shall serve a one-year term. All other Representatives elected to the Board of Directors shall serve staggered two-year terms. At each annual meeting one Representative shall be elected for a two-year term to each of the Class One, Two and Three Seats to fill the seat of the incumbent whose term is expiring. The term of office on the Board of Directors shall commence on the January 1 next following the annual meeting and shall run through December 31 of that calendar year in the case of one-year terms or December 31 of the next following calendar year in the case of two-year terms.

C. Reports. The name of any person selected as a Director of the Company, together with such pertinent biographical and other data as the Wisconsin Commissioner of Insurance (“Commissioner”) requires by rule, shall be reported to the Commissioner immediately after the selection.

Section 6. Vacancies. Vacancies in the Board of Directors occurring during the interim of the annual meeting shall be filled by the Board of Directors and the person so elected shall serve until the next annual meeting. Appointments to fill vacancies in Class One, Two or Three Seats must be Representatives from the Class in which the vacancy occurs.

Section 7. Removal. Any member of the Board of Directors may be removed for cause by an affirmative vote of a majority of the full Board of Directors at a meeting of the Board of Directors called for that purpose. Any such removal shall be reported to the Commissioner immediately with a statement of the reasons for removal.

Section 8. General Powers. The Board of Directors shall have control of the business affairs of the Company and shall possess and exercise all powers usually vested in the directors or trustees of insurance companies, which are consistent with the provisions of the Articles of Incorporation and with the laws of the State of Wisconsin, and may accept any additional powers and privileges which any like insurance company may be authorized by the legislature of the State of Wisconsin to exercise.

Section 9. Interpretive Rulings. The Board of Directors may from time to time interpret the provisions of the Articles of Incorporation and these By-Laws by adopting interpretive rulings. An interpretive ruling may explain the meaning of a provision of the Articles of Incorporation and By-Laws, but shall not change the meaning of the

provision; any such change must be adopted as an amendment to the Articles of Incorporation or By-Laws. Each interpretative ruling shall be forwarded to all Members in writing within thirty (30) days of its adoption. No interpretive ruling may become effective less than one (1) year following such notice of its adoption by the Board of Directors, and all interpretive rulings must go into effect on January 1 of the appropriate year.

Section 10. Adoption of Policies. The Board of Directors may from time to time adopt and amend rules, policies and guidelines governing the rights and responsibilities of Members. The Company shall notify the Members of the adoption or amendment of such rules, policies and guidelines within thirty (30) days of the adoption or amendment. No rule, policy or guideline adopted or amended under this Section may become effective less than one (1) year following such notice of its adoption by the Board of Directors, and each such rule, policy or guideline must become effective on January 1 of the appropriate year.

Section 11. Dividends. The Board of Directors may declare dividends from surplus held in excess of all liabilities, which will be paid to all Members as of the date the dividend is declared. Dividends under Section 631.51(2) of the Wisconsin Statutes shall be in such amount as the Board of Directors shall determine is fair and reasonable and shall not be made contingent upon the continuance or renewal of the policy. The Company shall file a schedule explaining the basis for any dividend with the Commissioner as required by law.

Section 12. Accounting and Reserves. The Board of Directors may from time to time establish such accounting practices as it determines are appropriate and consistent with law. The Board of Directors may determine what amounts, in addition to amounts required by statute, shall be set aside from time to time as additional reserves.

Section 13. Compensation. Directors of the Company shall not receive compensation for serving as Directors, but may receive reasonable compensation for other personal services rendered which are necessary to carrying out the purposes of the Company. In addition, Directors may receive reimbursement for reasonable expenses incurred in connection with corporate matters, provided that such reimbursement is authorized by the Board of Directors.

ARTICLE IV - COMMITTEES

Section 1. Creation of Committees. Pursuant to Section 611.56 of the Wisconsin Statutes, the Board of Directors shall have the power to create such committees as may from time to time be appropriate (“Board of Directors Committees”). The President shall have the power to create such other committees that report to the President as may from time to time be appropriate (“Presidential Committees”). Board of Directors and Presidential Committees may only consider and act on matters specifically referred to them by the chair of the committee, Officers of the Company, the Chief Executive Officer or the Board of Directors.

Section 2. Appointment of Committees. The Board of Directors shall appoint persons to serve on each Board of Directors Committee. The President shall appoint Representatives to serve on each Presidential Committee.

A. Presidential Committee Board Liaison. The President may also appoint a member of the Board of Directors to serve as a regular member or liaison to a Presidential Committee. If such a Board Liaison has been appointed, he or she shall count for purposes of determining a committee quorum, and may participate in deliberations of the committee, but shall not have voting privileges.

B. Committee Chairs. Board of Directors and Presidential Committees will elect a chair (other than the Board Liaison of a Presidential Committee) from the membership of the committee. The chair of a Presidential Committee or his/her designee is expected to report to the President on committee activities at Board of Directors meetings and otherwise.

C. Presidential Committee Alternates. Representatives appointed to a Presidential Committee may designate an alternate to serve on the committee. Said alternate must be an officer or employee of the Representative's Municipality.

Section 3. Notice of Meetings of Committees. No notice of regular meetings of any committee shall be necessary. Reasonable notice shall be given of special meetings of any committee, but the action of a majority at any regular or special meeting of any committee shall be valid notwithstanding any defect in the notice of such meeting.

ARTICLE V - OFFICERS OF THE COMPANY

Section 1. Officers. The Board of Directors shall elect a President, Vice-President and a Secretary/Treasurer at its annual meeting. The President, Vice-President, and Secretary/Treasurer shall be the principal officers of the Company, and such offices shall be held by three separate individuals. The name of any person selected as a principal officer of the Company, together with such pertinent biographical and other data as the Commissioner requires by rule, shall be reported to the Commissioner immediately after the selection. Each officer shall assume the duties of his or her office on the January 1 next following the annual meeting of the Board of Directors. If any of the officers cease to be a Representative, the resulting vacancy shall be filled at the next meeting of the Board of Directors held after the vacancy occurs. The Board of Directors may appoint, retain or employ such other officers or agents as it considers necessary. No person may simultaneously be an officer of the Company and a director, officer, employee or agent for another insurer if the effect is to lessen competition substantially or if the Company and the other insurer have materially adverse interests.

Section 2. President. The President shall have general charge and oversight of the Company's business and affairs and shall discharge all other duties imposed upon him by law, by these By-Laws or by the Board of Directors. The President shall preside at all meetings of the Members and all meetings of the Board of Directors. The President shall sign all policies. The President may appoint such subordinate officials and representatives as he may deem necessary and may at any time remove any official or representative so appointed. The President shall determine the duties and powers of such officials and representatives.

Section 3. Vice-President. The Vice-President shall perform all of the duties and have all of the powers of the President in the absence or disability of the President.

Section 4. Secretary/Treasurer. The Secretary/Treasurer shall keep or cause to be kept a record of the minutes of the Company, its Board of Directors, and its committees. The Secretary/Treasurer shall countersign all instruments and documents executed by the Company which the law or these By-Laws require to be so executed, and affix to instruments and documents the seal (if any) of the Company, whenever required by law or by the Board of Directors. The Secretary/Treasurer shall keep or cause to be kept all documents, instruments, records, papers, books, or like things pertaining to the business of the Company and he or she shall keep or cause to be kept in proper books therefor the transactions of the Company and shall perform such other duties as are usually incident to such office.

The Secretary/Treasurer, subject to the direction and control of the Board of Directors, shall also collect, receive, and safely keep or cause to be collected, received, and safely kept all the moneys, funds, and securities of the Company, and attend to all its pecuniary affairs. The Secretary/Treasurer shall keep or cause to be kept full and complete account and records of all his or her transactions, of sums owing to or by the Company, and of all rents and profits in its behalf. The books of account and records shall at all reasonable times be open to the inspection of Members of the Company, and the Secretary/Treasurer shall furnish or cause to be furnished to the Members at their annual meeting and to the Board of Directors whenever requested by them such statements and reports of the same as are necessary to a full exhibit of the financial condition of the Company.

Section 5. Powers of Attorney. The President or the Secretary/ Treasurer, subject to such limitations as the Board of Directors may prescribe, shall execute such powers of attorney as are necessary to make effective the insurance policies and contracts of the Company.

ARTICLE VI - FINANCES OF THE COMPANY

Section 1. Funds of the Company. All moneys belonging to the Company shall be deposited or invested in the name of CITIES AND VILLAGES MUTUAL INSURANCE COMPANY in such depositories or in such securities as may be authorized by the Board of Directors. The officers, agents or employees of the Company handling funds and securities of the Company may be required to give surety bonds in such sums as the Board of Directors may direct.

Section 2. Annual Report of Claims Auditor. The Company shall retain an independent, qualified claims auditor selected by the Board of Directors for the purpose of performing an annual claims audit and submitting an annual claims audit report. The Company shall promptly provide copies of the annual claims audit report to each Member.

Section 3. Actuarial Opinion. The Company shall have claim reserves reviewed annually by an independent actuary appointed by the Board of Directors. The actuary will approve and certify claim reserves to the extent required by the Commissioner.

Section 4. Purchase of Commercial Insurance or Reinsurance. The Company may arrange for coverage for the Company and/or the Members by the purchase of insurance from a commercial insurer or reinsurer.

Section 5. No Encumbrances. The Company shall not pledge its funds or other rights except as provided by these By-Laws.

ARTICLE VII - INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Mandatory Indemnification. The Company shall, to the fullest extent permitted or required by Sections 181.0871 to 181.0881, inclusive, 181.0889, and 611.62(2) of the Wisconsin Statutes, including any amendments thereto (but in the case of any such amendment, only to the extent such amendment permits or requires the Company to provide broader indemnification rights than prior to such amendment), indemnify its Directors and Officers against any and all Liabilities, and advance any and all reasonable Expenses, incurred thereby in any Proceeding to which any Director or Officer is a Party because such Director or Officer is a Director or Officer of the corporation. The corporation shall indemnify its employees and authorized agents, acting within the scope of their duties as such, to the same extent as Directors or Officers hereunder. The rights to indemnification granted hereunder shall not be deemed exclusive of any other rights to indemnification against Liabilities or the advancement of Expenses which such Director or Officer may be entitled under any written agreement, board resolution, vote of the Members, the Wisconsin Statutes, or otherwise. All capitalized terms used in this Article VII and not otherwise defined herein shall have the meaning set forth in Section 181.0871 of the Wisconsin Statutes.

Section 2. Permissive Supplementary Benefits. The Company may, but shall not be required to, supplement the foregoing right to indemnification against Liabilities and advancement of Expenses under Section 1 of this Article by (a) the purchase of insurance

on behalf of any one or more of such Directors, Officers, employees or agents, whether or not the corporation would be obligated to indemnify or advance Expenses to such Director, Officer, employee or agent under Section 1 of this Article, and (b) entering into individual or group indemnification agreements with any one or more of such Directors or Officers.

Section 3. Notice. To the extent required by law, the Company shall make no indemnification until at least thirty (30) days after notice to the Commissioner containing full details about the proposed indemnification.

Section 4. Waiver. By accepting membership in the Company each Member agrees to waive any claim or right of action it might have, whether individually or by or in the right of the Company, against any Director or Officer of the Company on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action, in the performance of his duties with or for the Company except for any claims or rights of action arising out of the willful misconduct or fraud of such Director or Officer or to recover any gain, personal benefit or advantage to which such Director or Officer is not legally entitled.

ARTICLE VIII - AMENDMENTS

Section 1. By-Laws. These By-Laws may be amended by a vote of three-fourths of the Members voting at a regular or special meeting or at any regular meeting of the Board of Directors by a vote of two-thirds of the entire Board of Directors. Amendments to these By-Laws shall be filed with the Commissioner within sixty (60) days after adoption.

Section 2. Policies. The Company may issue endorsements to the policy during the policy year, provided that no such endorsement that materially increases the types of exposures included under the policy will be effective without the approval of the Board of Directors.

EXHIBIT C

CITIES AND VILLAGES MUTUAL INSURANCE COMPANY

PUBLIC ENTITY LIABILITY INSURANCE

(THIS POLICY IS ASSESSABLE)

Throughout this policy, words and phrases that appear capitalized have special meaning. They are defined in Section II - Definitions.

In consideration of the payment of the premium, the Cities and Villages Mutual Insurance Company, hereinafter known as the Mutual, agrees with the INSURED as follows:

SECTION I. - COVERAGES

This policy does not constitute a waiver of the statutory limitation of municipal tort liability under Section 893.80 of the Wisconsin statutes or any other statutory provision.

The Mutual will pay on behalf of the INSURED, the ULTIMATE NET LOSS in excess of the INSURED's Retained Limit stated in Item 5. of the Declarations, but not in excess of the Mutual's limit of liability stated in Item 4. of the Declarations, that the INSURED becomes legally obligated to pay by reason of liability imposed by law because of:

- A. BODILY INJURY or PROPERTY DAMAGE; and/or
- B. PERSONAL INJURY; and/or
- C. PUBLIC OFFICIALS' ERRORS AND OMISSIONS,

as those terms are herein defined and to which this policy applies, caused by an OCCURRENCE.

The Mutual makes no warranty or representation, either express or implied, as to the adequacy of the coverage provided for in this policy for the needs of the INSURED.

SECTION II. - DEFINITIONS

- A. AIRCRAFT - means a vehicle designed for the transport of persons or property, principally in the air, or a device or machine that is intended to navigate in the air without an on-board pilot, also commonly referred to as a “drone.”
- B. AUTOMOBILE - means a self-propelled land motor vehicle and/or a trailer or semi-trailer, including any attached machinery or equipment thereto, designed for travel on public roads and subject to motor vehicle registration but does not include MOBILE EQUIPMENT.
- C. BODILY INJURY - means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- D. CLAIM - means a demand or action against any INSURED to recover for losses or damages within or alleged to be within the scope of coverages set forth in this policy. Claims for injunctive relief, issuance of permits or licenses, or non-monetary forms of relief do not constitute a CLAIM as that term is used in this policy.
- E. COVERED INDIVIDUALS - means persons who are past or present elected or appointed officials, employees or volunteers of the MEMBER, whether or not compensated, while acting for or on behalf of the MEMBER, including while acting on outside committees, agencies, districts, authorities, councils, commissions or boards at the direction of the MEMBER.
- F. COVERED ULTIMATE NET LOSS - means, with respect to coverages afforded by this policy, as stated in Section I - COVERAGES, an amount by which the ULTIMATE NET LOSS not covered by other available insurance or self-insurance exceeds the INSURED’s Retained Limit, stated in Item 5. of the Declarations. Such amount shall not, in any event, however, exceed the limit of liability stated in Item 4. of the Declarations.
- G. DEFENSE COSTS - means fees and expenses incurred by the Mutual or an INSURED caused by and relating to the adjustment, investigation, defense or appeal of a CLAIM or suit, including attorney’s fees, court costs and interest on judgments accruing after entry of judgment, all within the scope of coverage afforded by this policy. DEFENSE COSTS shall not include the office expense of the Mutual or INSURED nor expenses of a claims administrator engaged by the INSURED or the Mutual.
- H. FIRST NAMED INSURED - means the entity first named in Item 1. of the Declarations.
- I. FUNGI - means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by FUNGI, but does not include any FUNGI intended by an INSURED for consumption.

- J. INSURED - shall have the meaning as set forth in Section VI - ENTITIES OR PERSONS INSURED.
- K. INSURED CONTRACT - That part of any contract under which an INSURED assumes the tort liability of another party to pay for BODILY INJURY or PROPERTY DAMAGE. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- L. INVERSE CONDEMNATION - means a CLAIM by anyone, other than an INSURED, alleging that the INSURED has taken, damaged, or diminished the value of real, personal, tangible or intangible property for public use, or caused pecuniary loss, through any means, including land use restrictions or use of adjacent property or air space by the INSURED, or otherwise.
- M. LEAD means: (A) an actual exposure or threat of exposure to the harmful properties of lead, (B) the presence of lead in any place, whether or not within a building or structure, (C) lead contained in any materials, or (D) lead compounds. LEAD means the metal in any form including, but not limited to, paint or similar products.
- N. MEMBER - means the entity named in Item 1. of the Declarations, including any and all commissions, agencies, redevelopment agencies, districts, authorities, housing authorities, councils (including the governing councils) or similar entities coming under the MEMBER's direction or control.
- O. MOBILE EQUIPMENT - means any of the following types of land vehicles, including any attached machinery or equipment:
1. Bulldozers, forklifts and other vehicles designed principally for use off public roads;
 2. Vehicles that travel on crawler treads;
 3. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted equipment of the following types: power cranes, shovels, loaders, diggers, drills, graders, scrapers, rollers;
 4. Vehicles not self-propelled, maintained to provide mobility to permanently attached equipment of the following types: air compressors, pumps and generators for spraying, welding, building cleaning, geophysical exploration, lighting and well servicing, and equipment to raise and lower workers.
- P. NUCLEAR MATERIAL- means Source Material, Special Nuclear Material, or Byproduct Material. Source Material, Special Nuclear Material and Byproduct Material have the meanings given to them by the Atomic Energy Act of 1954 and any law amendatory thereto.

- Q. OCCURRENCE - means:
1. With respect to BODILY INJURY or PROPERTY DAMAGE, an accident or event, including continuous or repeated exposure to substantially the same general conditions, which results, during the POLICY PERIOD, in BODILY INJURY or PROPERTY DAMAGE neither expected nor intended from the standpoint of the INSURED.
 2. With respect to PERSONAL INJURY and PUBLIC OFFICIALS' ERRORS AND OMISSIONS, respectively: an offense committed during the POLICY PERIOD, as described in the definition of those terms in this section.
- R. PERSONAL INJURY - means injury caused by or arising out of one or more of the following offenses:
1. False arrest, detention or imprisonment, malicious prosecution, or abuse of process;
 2. Wrongful entry or eviction or other invasion of the right of private occupancy;
 3. Publication or utterance of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, or oral or written publication of material that violates a person's right of privacy, infringement of copyright, title or slogan;
 4. Discrimination based upon race, religion, nationality, national origin, color, creed, sex, sexual preference, handicap, age or employment;
 5. Assault and battery.
- S. POLICY PERIOD - means the period stated in Item 3. of the Declarations.
- T. POLLUTANTS - means any of the following:
1. Any substance exhibiting any hazardous characteristics as defined by or identified on a list of hazardous substances issued by the United States Environmental Protection Agency or any federal, state, county, municipal, local, or foreign equivalent.
 2. Any solid, liquid, gaseous, or thermal irritant, contaminant or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials. Waste includes materials to be recycled, reconditioned or reclaimed.

3. Any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products, noise, FUNGI or bacteria, LEAD, and electric or magnetic or electromagnetic field radiation.

The term POLLUTANTS, as used herein, is not defined to mean potable water, agricultural water, water furnished to commercial users or water used for fire suppression.

U. PROPERTY DAMAGE - means:

1. Physical injury to tangible property, including all resulting loss of use to that property; or
2. Loss of use of tangible property that is not physically injured.

V. PUBLIC OFFICIALS' ERRORS AND OMISSIONS - means an offense consisting of any actual or alleged misstatement or misleading statement or act or omission or neglect or breach of duty including misfeasance, malfeasance, or nonfeasance by COVERED INDIVIDUALS, individually or collectively, in the discharge of their duties for and/or on behalf of the MEMBER, or any matter claimed against them solely by reason of their being or having been public officials.

W. SEXUAL ABUSE - means any actual, attempted or alleged criminal sexual conduct of a person, or persons acting in concert, regardless of whether criminal charges or proceedings are brought, which causes physical and/or mental injuries. SEXUAL ABUSE also includes actual, attempted or alleged: sexual molestation, sexual assault, sexual exploitation or sexual injury. Any or all acts of SEXUAL ABUSE shall be deemed to constitute intentional conduct by the perpetrator done with willful and conscious disregard of the rights or safety of others, or with malice, or conduct that is malicious, oppressive or in reckless disregard of the claimant's or plaintiff's rights.

X. ULTIMATE NET LOSS - means the sum for which the INSURED is liable as damages, either by adjudication or by compromise, after making proper deduction for all recoveries and salvages, and also includes DEFENSE COSTS.

SECTION III. - DEFENSE AND SETTLEMENT

The Mutual shall have the right and duty to participate in the investigation, negotiation, settlement or defense of any CLAIM or suit against an INSURED, where, in the opinion of the Mutual, such CLAIM or suit may result in a COVERED ULTIMATE NET LOSS, even if any allegations are groundless, false or fraudulent. The INSURED shall fully cooperate in all matters pertaining to such CLAIM or suit. After the amount of the INSURED's Retained Limit has been exhausted by payment of judgments, settlements and DEFENSE COSTS, the Mutual will pay any excess within its limit of liability, as stated in Item 4. of the Declarations.

No DEFENSE COSTS for which reimbursement will be sought by the INSURED shall be incurred on behalf of the Mutual without its consent, which shall not be unreasonably withheld.

The Mutual shall not be obligated to pay any judgment, settlement or DEFENSE COSTS, or to defend any suit after the applicable limit of the Mutual's liability has been exhausted by payment of judgments or settlements or DEFENSE COSTS or after such limit of the Mutual's liability has been tendered for settlements.

The Mutual, at its option, shall have the right, at its own expense, to negotiate the settlement of any CLAIM as it deems expedient, but the Mutual shall not commit the INSURED to any settlement without the FIRST NAMED INSURED's consent. If, however, the FIRST NAMED INSURED shall refuse to consent to any settlement recommended by the Mutual and shall elect to contest the CLAIM or continue any legal proceedings in connection with such CLAIM, then, subject to the limits of liability of the policy, the Mutual's liability for the CLAIM shall be limited to the amount of the ULTIMATE NET LOSS in excess of the INSURED's Retained Limit which the Mutual would have contributed to a settlement, had the FIRST NAMED INSURED consented to such settlement.

SECTION IV. - INSURED'S RETAINED LIMIT AND THE MUTUAL'S LIMIT OF LIABILITY

The Mutual's liability shall be only the ULTIMATE NET LOSS in excess of the INSURED's Retained Limit as specified in Item 5. of the Declarations; and then for an amount not exceeding the amount specified in Item 4. of the Declarations.

For the purpose of determining the Mutual's limit of liability and the INSURED's Retained Limit, with respect to any claim for BODILY INJURY or PROPERTY DAMAGE, all damages arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one OCCURRENCE. With respect to claims for PERSONAL INJURY and PUBLIC OFFICIALS ERRORS AND OMISSIONS, all damages arising out of any single offense shall be considered as arising out of one OCCURRENCE.

An OCCURRENCE taking place in more than one policy period insured by the Mutual shall be deemed to have taken place only during the first such policy period, and the Mutual's liability as a result of that OCCURRENCE shall be limited to the Mutual's liability under the policy for that policy period. This provision shall supersede any contrary provision in any prior policy issued by the Mutual.

SECTION V. - POLICY PERIOD AND TERRITORY

Each INSURED shall have coverage for all BODILY INJURY, PROPERTY DAMAGE, PUBLIC OFFICIALS' ERRORS AND OMISSIONS and PERSONAL INJURY which occur anywhere in the world during the POLICY PERIOD.

SECTION VI. - ENTITIES OR PERSONS INSURED

The INSUREDS covered by this policy are:

- A. Any entity named in Item 1. of the Declarations, also referred to as the MEMBER;
- B. Any COVERED INDIVIDUAL(S);
- C. Any individual who operates, manipulates, rides in, loads or unloads any AUTOMOBILE or MOBILE EQUIPMENT owned by, loaned to or leased by the MEMBER, while acting for or on behalf of the MEMBER, except:
 - 1. Any person or organization, or any agent or employee thereof, operating an AUTOMOBILE or MOBILE EQUIPMENT sales agency, commercial repair shop, commercial service station, commercial storage garage or commercial public parking place, with respect to an OCCURRENCE arising out of the operation thereof. This does not apply to parking garages or lots owned, operated or leased by the INSURED; or
 - 2. The owner or any lessee, other than the INSURED, of a hired AUTOMOBILE or MOBILE EQUIPMENT, or any agent or employee of such owner or lessee.

SECTION VII. - EXCLUSIONS

This policy does not apply to:

- 1.
 - a. Any CLAIM arising out of the contamination or alleged contamination of any environment by POLLUTANTS introduced at any time, anywhere, in any way, including, but not limited to, into or upon land, the atmosphere or any watercourse or body of water or aquifer. This exclusion applies whether or not the contamination is introduced into the environment intentionally or accidentally or gradually or suddenly and whether or not the INSURED and/or any other person or organization is responsible for the contamination.
 - b. Any obligation to defend any suit or CLAIM against the INSURED and/or any other person or organization alleging BODILY INJURY, or PROPERTY DAMAGE, or PERSONAL INJURY or PUBLIC OFFICIALS' ERRORS AND OMISSIONS and seeking damages, if such suit or CLAIM arises from BODILY INJURY, or PROPERTY DAMAGE, or PERSONAL INJURY or PUBLIC OFFICIALS' ERRORS AND OMISSIONS arising out of the contamination or alleged contamination of any environment by POLLUTANTS introduced at any time, anywhere, in any way, including, but not limited to, into or upon land, the atmosphere or any watercourse or body of water or aquifer.

- c. Any loss cost, defense or expense arising out of any governmental direction or request that the INSURED and/or any other person or organization test for, monitor, clean up, remove, remedy, contain, treat, detoxify or neutralize POLLUTANTS.
- d. Any loss, cost or expense incurred by a governmental unit or other third party, including, but not limited to, the cost of investigation and monitoring, and attorney's fees relating to activities in connection with efforts to test for, monitor, clean up, remove, remedy, contain, treat, detoxify or neutralize POLLUTANTS.

This exclusion does not apply, however, to BODILY INJURY or PROPERTY DAMAGE caused by heat, smoke or fumes from a hostile fire. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out where it is not intended to be.

Contamination includes any unclean, unsafe, damaging, injurious or unhealthful condition, either actual or potential, which arises out of the presence in the environment of any POLLUTANT, whether permanent or transient, including but not limited to sewer backups.

Environment includes any person, any man-made object or feature, animals, crops and vegetables, land, bodies of water, underground water, or water table or aquifer, air and any other natural feature of the earth and its atmosphere, whether or not altered, developed or cultivated.

It is the intent and effect of this exclusion to exclude any and/or all coverages afforded by this policy for any CLAIM, action, judgment, liability, settlement, defense or expenses, if any, arising out of the threatened, eventual, or actual discharge, dispersal, release or escape of POLLUTANTS whether such results from the INSURED's and/or any other person's or organization's activities, whether or not such is sudden, gradual, intended, foreseeable, expected, fortuitous, inevitable and whenever, wherever or however such may occur.

- 2. Investigation, settlement or defense of any claim or suit against any INSURED alleging actual or threatened injury or damage of any nature or kind to persons or property which arises out of or would not have occurred but for the actual or alleged presence of or exposure to LEAD.
- 3. Any loss, cost or expense arising out of any: (a) Request, demand or order that any INSURED or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of LEAD, or (b) CLAIM or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of LEAD.

4. Any:
- a. Injury, damage, expense, cost, loss, liability or legal obligation which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any FUNGI or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material, or product contributed concurrently or in any sequence to such injury or damage; or
 - b. Loss, cost, or expenses arising out of abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effect of FUNGI or bacteria, by any INSURED or by any other person or entity.

This exclusion does not apply to any FUNGI or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

5. Any liability arising out of:
- a. Inhaling, ingesting or physical exposure to asbestos or goods or products containing asbestos;
 - b. The use of asbestos in constructing or manufacturing of, or presence of asbestos in any good, product, or structure;
 - c. The manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos; or
 - d. Payment for investigation or defense of any loss, fine or penalty, or for any expense or CLAIM, related to a., b., or c. above.
6. Any CLAIM or suit for past salary, or wages due, because of discrimination or wrongful termination or violation of civil rights of any employee or official of the INSURED.
7. BODILY INJURY to:
- a. An employee of the INSURED arising out of and in the course of his/her employment by the INSURED; or
 - b. The spouse, child, parent, brother or sister of that employee as a consequence of actions of the employee arising out of and in the course of his/her employment by the INSURED.

This exclusion applies whether the INSURED may be liable as an

employer or in any other capacity, except with respect to liability of others that the INSURED assumes under an INSURED CONTRACT provided that the BODILY INJURY occurs subsequent to the execution of the INSURED CONTRACT .

8. Any obligation for which the INSURED or any insurance company as its insurer may be held liable under any workers' compensation or disability benefits law or any similar law.
9. Liability arising out of the ownership or operation of any airport.
10. Liability arising out of or in connection with the operation of any hospital, clinic, or established health care facility owned or operated by the INSURED due to:
 - a. The rendering of or failure to render:
 - 1) Medical, surgical, dental, psychiatric, mental health services, X-ray or nursing service or treatment, or the furnishing of food or beverages in connection therewith;
 - 2) Any service or treatment conducive to health or of a professional nature or;
 - 3) Any cosmetic or tonsorial service or treatment.
 - b. The furnishing of or dispensing of drugs or medical, dental, or surgical supplies or appliances.

This exclusion shall not apply, however, to liability arising out of the performance of occupational-related physical examinations, paramedic services, emergency care, immunization clinics, health and wellness clinics, T.B. treatment clinics, community health service clinics, or general public health nurse services.
11. Liability arising out of the rupture, bursting, overflow, seepage or release of water of any dam(s). With respect to this exclusion, dam means a barrier built across a watercourse, preventing the flow of water, but this shall not include any body of water with a capacity of less than 50 acre feet of water.
12. Liability which results from an illegal or wrongful act, committed intentionally, with knowledge of wrongdoing, unless committed solely for the purpose of protecting threatened life or property. This exclusion does not apply to false arrest, slander or assault and battery as described under PERSONAL INJURY.
13. PROPERTY DAMAGE to:

- a. Property owned by the INSURED; or
 - b. Property rented to or leased to the INSURED where the INSURED has assumed liability for damages to or destruction of such property, unless the INSURED would have been liable in the absence of such assumption of liability;
 - c. AIRCRAFT in the INSURED's care, custody or control;
 - d. Watercraft exceeding 26 feet in length, in the INSURED's care, custody or control.
14. Any liability arising out of the ownership, operation, use, maintenance, or entrustment to others of any AIRCRAFT.
15. Any AUTOMOBILE liability arising out of the operation of any transit authority, transit system, or public transportation system owned or operated by the INSURED.
16. Any liability arising out of the failure to supply or provide an adequate supply of gas, water or electricity when such failure is a result of the inadequacy of the INSURED's facilities to supply or produce sufficient gas, water or electricity to meet the customary demand.
17. Any liability arising out of or in connection with the principles of eminent domain, temporary or permanent taking, adverse possession, condemnation proceedings or INVERSE CONDEMNATION, land use planning or regulation, annexation, or other condemnation proceedings by whatever name called, and any CLAIM arising out of the design, construction, ownership, maintenance, operation or use of any water treatment plant or wastewater treatment plant. This exclusion applies whether or not liability accrues directly against the MEMBER or by virtue of any agreement entered into by or on behalf of the MEMBER, where such CLAIM results from:
- a. The deliberate decision-making conduct of the MEMBER;
 - b. A judicial, administrative, or legislative order; or
 - c. The referendum or petition process.

This exclusion shall not apply to physical injury to tangible property, including all resulting loss of use to that tangible property which has been physically injured, resulting from the accidental failure of an INSURED'S property or equipment.

18. Any liability resulting from the operation of any electrical power generating or distribution facilities.

19. Any liability resulting from the ownership or operation of any chair lifts at ski facilities.
20. Any liability arising from the hazardous properties of NUCLEAR MATERIAL.
21. Any liability due to war, whether or not declared, civil war, or revolution or to any act or condition incident to any of the foregoing.
22. Benefits payable under any employee benefit plan (whether the plan is voluntarily established by the INSURED or mandated by statute).
23. Any liability for refund of taxes, fees or assessments.
24. Liability of a COVERED INDIVIDUAL:
 - a. arising in whole or in part out of a COVERED INDIVIDUAL's obtaining remuneration or financial gain to which the COVERED INDIVIDUAL was not legally entitled; or
 - b. arising out of the willful violation of the penal code or ordinance committed by or with the knowledge or consent of any INSURED.
25. Any liability arising out of estimates of probable costs or cost estimates being exceeded or faulty preparation of bid specifications or plans including architectural plans.
26. Any actual or alleged liability of any INSURED arising out of or in consequence of any written or oral contract or agreement.

This exclusion shall not apply to liability for BODILY INJURY or PROPERTY DAMAGE:

- a. Assumed in a contract or agreement that is an INSURED CONTRACT provided that BODILY INJURY or PROPERTY DAMAGE occurs subsequent to the execution of the contract or agreement; or
 - b. That the INSURED would have in the absence of the contract or agreement.
27. As respects liability assumed by the INSURED under any INSURED CONTRACT:
 - a. To any claim, judgment or agreement from any arbitration proceeding wherein the Mutual is not entitled to exercise, with the INSURED, the INSURED's rights in the choice of arbitrators, and in the conduct of such proceedings.

- b. If the party to be indemnified by the INSURED is an architect, engineer or surveyor, to the liability of such indemnified party, or the indemnified party's agents or employees, arising out of:
 - 1) The preparation or approval of contracts, maps, plans, drawings, opinions, reports, tests, surveys, change orders, designs or specifications or,
 - 2) The giving of or failure to give directions or instructions by the indemnified party, or the indemnified party's agents or employees, provided such giving or failure to give is the primary cause of injury or damage.

- 28. Liability imposed under the Employee Retirement Income Security Act of 1974 (ERISA), and any law amendatory thereof, or under any state or local law regarding employee benefit plans.

- 29. Any CLAIM alleging, based upon, arising out of, or attributable to any of the following:
 - a. The failure to pay any bond, interest on any bond, any debt, financial guarantee or debenture.
 - b. Whether directly or indirectly, the performance of assets or invested funds or the failure to invest any funds.
 - c. Any INSURED'S activities in an investing or fiduciary capacity, including with respect to any self-insurance fund, entitlement program, or employee benefit program. Employee benefit programs include pension, savings, and profit sharing plans, fringe benefit programs, retirement programs, incentive programs, prerequisite programs, and other benefits owed to any employee.

- 30. Liability imposed under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), and any law amendatory thereof.

- 31. Liability imposed under the Immigration Reform and Control Act of 1986 (IRCA), and any law amendatory thereof.

- 32. Any CLAIM for injury or damages caused by SEXUAL ABUSE. The intent of this exclusion is to eliminate coverage for any compensatory damages awarded because of conduct which is also the basis for an award of punitive damages, regardless of jurisdiction or venue. However, where the MEMBER did not authorize, ratify, participate in, consent to, or have knowledge of such conduct by its past or present employee, elected or appointed official, or volunteer, and the claim against the MEMBER is based solely on its vicarious liability arising from its relationship with

such employee, official, or volunteer, this exclusion does not apply to said MEMBER.

33. The following under Coverage C (PUBLIC OFFICIALS' ERRORS AND OMISSIONS):
- a. BODILY INJURY;
 - b. PROPERTY DAMAGE;
 - c. PERSONAL INJURY.

SECTION VIII. - CONDITIONS

A. PREMIUM AND AUDIT

The Premium designated in the Declarations as "Annual Deposit Premium" is a deposit premium only.

The Mutual may examine the INSURED's books and records at any reasonable time during the POLICY PERIOD and extensions thereof and within three years after the final termination of this policy, as far as they relate to the subject matter of this policy.

B. INSPECTIONS

The Mutual shall be permitted but not obligated to inspect the INSURED's property and operations at any reasonable time. Neither the Mutual's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the INSURED or others, to determine or warrant that such property or operations are safe.

C. DUTIES IN THE EVENT OF AN OCCURRENCE

The INSURED's duty in the event of an OCCURRENCE, CLAIM or suit:

1. In the event of an OCCURRENCE reasonably likely to involve a COVERED ULTIMATE NET LOSS, written notice containing particulars sufficient to identify the INSURED and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured party(ies) and of available witnesses, shall be given by or for the INSURED to the Mutual or any of its authorized agents as soon as practicable.
2. If a CLAIM is made or suit brought against any INSURED, the INSURED shall be obligated to forward to the Mutual every demand, notice, summons or other process received by the INSURED or the INSURED'S representative.

3. The INSURED shall cooperate fully with the Mutual and, upon its request, assist in enforcing any right of contribution or indemnity against any person or organization who may be liable to the INSURED because of an OCCURRENCE with respect to which coverage is afforded under this policy; and the INSURED shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The INSURED shall not, except at its own cost, voluntarily make any payment, assume any obligation or incur any expense which is likely to result in an ULTIMATE NET LOSS that exceeds the INSURED's Retained Limit stated in Item 5. of the Declarations. In the event that the amount of ULTIMATE NET LOSS becomes certain, either through final court judgment or agreement among the INSURED, the claimant and the Mutual, then the Mutual shall pay on behalf of the INSURED the COVERED ULTIMATE NET LOSS.

D. BANKRUPTCY AND INSOLVENCY PROVISION

Bankruptcy or insolvency of the INSURED shall not relieve the Mutual of any of its obligations hereunder.

E. OTHER INSURANCE

If collectible insurance with any other insurer or other self-funding mechanism is available to the INSURED, coverage for a loss also covered hereunder (whether on a primary, excess or contingent basis) shall be in excess of, and shall not contribute with, such other insurance, provided that this clause does not apply with respect to excess insurance purchased with written consent of the MUTUAL specifically to be in excess of this policy, or to other insurance purchased with written consent of the MUTUAL which is intended to provide the remainder of the limit of liability stated in the Declarations of this policy when the insurance afforded under this policy provides less than 100 percent of the limit set forth in the Declarations.

If any INSURED has any insurance covering a loss within the INSURED's Retained Limit, as stated in Item 5. of the Declarations, and said insurance is exhausted, then amounts paid by said insurance for such loss, and amounts paid by the INSURED for such loss pursuant to any retained liability under said insurance, shall apply to satisfy the liability of the INSURED within the INSURED's Retained Limit for such loss.

F. EXTENDED OCCURRENCE

An OCCURRENCE taking place in more than one policy period insured by the Mutual shall be treated as a single OCCURRENCE taking place only during the first such policy period. This provision shall supersede any contrary provision in any prior policy issued by the Mutual.

G. ENDORSEMENTS TO THE POLICY

This policy contains all the agreements between the INSURED and the Mutual. Its terms and conditions may not be changed or waived except by an endorsement issued by the Mutual.

H. ACTION AGAINST THE MUTUAL

Any person or organization may sue the Mutual directly to recover damages allegedly caused by the INSURED, or join the Mutual as a defendant in a suit brought against the INSURED for damages. However, the Mutual will not be liable for damages that are in excess of the Mutual's Limit of Liability, it being agreed that nothing herein shall act to increase the Mutual's Limit of Liability. The INSURED shall not withhold all or any portion of the INSURED's premiums pending resolution of a dispute.

I. SUBROGATION

The Mutual shall be subrogated to the extent of any payment hereunder to all the INSURED's rights of recovery thereof, and the INSURED shall do nothing after loss to prejudice such right and shall do everything necessary to secure such right.

In case any reimbursement is obtained or recovery made by the INSURED or the Mutual on account of any loss covered by this policy, the amounts recovered shall be applied as follows:

1. The expenses of all such recovery proceedings shall be paid before any reimbursements are made. If there is no recovery in the proceedings conducted by the Mutual it shall bear the expenses thereof.
2. The highest layer of coverage shall be reimbursed first and, if there are sufficient recoveries, then the next-highest layer, until the INSURED'S Retained Limit is reimbursed or until all recoveries are used up.

J. ASSIGNMENT OF INTEREST

Assignment of interest under this policy shall not bind the Mutual unless and until its consent is endorsed hereon.

K. CROSS LIABILITY

In the event of ULTIMATE NET LOSS to one or more INSURED(S) for which another INSURED is or may be held liable, then this policy shall cover such INSURED against whom claim is made or may be made, the same as if separate policies had been issued to each INSURED, except that the limits of liability for all such INSURED(S) shall not exceed the limits of liability set forth in the policy Declarations.

L. ARBITRATION

It is understood and agreed that all disputes which may arise under, or in connection with, this policy, including any determination of the amount of loss, shall be settled by binding arbitration in accordance with the rules of the International Institute for Conflict Prevention & Resolution (CPR) then in effect.

Before entering into arbitration, the INSURED and the Mutual shall first seek review of any dispute by the Mutual's Board of Directors. In the event that the INSURED is dissatisfied with the decision of the Board of Directors regarding the dispute, the INSURED and the Mutual shall then each appoint an arbitrator as set forth below. As soon as one party notifies the other of its demand for arbitration and names its arbitrator, the other party agrees to name its arbitrator within thirty (30) days of said notice. Within thirty (30) days of the naming of the second arbitrator, the two arbitrators will select a third arbitrator to be chairperson of the panel. All arbitrators must be present or former executives of an insurance company. None of the arbitrators shall be current or former officers or current or former employees of the parties to this policy. The three chosen arbitrators shall comprise the arbitrator panel for the purpose of this policy.

Each party to this policy shall submit its case with supporting documents to the arbitrator panel within thirty (30) days after appointment of the third arbitrator. However, the panel may extend this period for a reasonable time. Unless extended, the majority of the three arbitrators shall issue a written decision resolving the controversy before them within thirty (30) days of the time both are required to submit their case and related documentation. The arbitrators' written decision shall state the facts reviewed, conclusions reached and the reasons for these conclusions. Said decision shall be final and binding upon both parties in any court of competent jurisdiction.

Fees and expenses of each party's arbitrator shall be paid by those parties. All remaining costs of arbitration shall be shared equally by both parties.

M. CANCELLATION

If the INSURED fails to discharge when due any of its obligations in connection with the payment for this policy or any installment thereof, extension or credit, this policy may be cancelled by the Mutual by receipted delivery to the INSURED, at the address shown in the policy, of written notice when, not less than ten days thereafter, such cancellation shall be effective.

The Mutual may not otherwise cancel this policy unless, in the opinion of the Mutual, the INSURED has materially misrepresented the risk to the Mutual; or there is substantial change in the risk assumed by the Mutual (except to the extent the Mutual should have reasonably foreseen the change or contemplated the risk in underwriting the policy); or there is a substantial breach of contractual duties, conditions or warranties by the INSURED; or the INSURED has materially failed to comply with rules or policies governing the rights and responsibilities of members that have been duly adopted by the Mutual's Board of Directors.

The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period.

N. CONSENTS AND NOTICES

The FIRST NAMED INSURED is authorized to act on behalf of all Named INSUREDS and other INSUREDS with respect to the giving and receiving of any consent or notice under this policy, including Notice of Cancellation, and to receive any return premium that may become payable under this policy. The FIRST NAMED INSURED is responsible for the payment of all premiums.

O. NOTICE OF NON-RENEWAL

If the Mutual elects not to renew this policy, it shall mail to the FIRST NAMED INSURED, at the address shown in this policy, by receipted delivery, written notice not less than sixty days prior to the expiration date. This notice requirement does not apply if the MEMBER has insured elsewhere, has accepted replacement coverage, or has requested or agreed to non-renewal.

P. POLICY DIVIDENDS

The Mutual may pay dividends on this policy to the FIRST NAMED INSURED. The Mutual shall send a schedule explaining the basis for the dividend to the FIRST NAMED INSURED.

Q. RENEWAL WITH ALTERED TERMS

If the Mutual elects to renew this policy on less favorable terms or at higher premiums, it shall mail to the FIRST NAMED INSURED, at the address shown in this policy, by receipted delivery, written notice not less than sixty days prior to the expiration date. This notice requirement does not apply if the premium increase is less than 25% and is generally applicable to the class of business to which this policy belongs, or if it results from a change based on action by the INSURED that alters the nature or extent of the risk insured against.