Iowa Municipalities Workers' Compensation Association

COVERAGE
MEMORANDUM
And
RESTATED 28E AGREEMENT

Iowa Municipalities Workers' Compensation Association (IMWCA)

Coverage Memorandum

In return for timely payment of required premiums, and subject to all terms of this Workers' Compensation Coverage Memorandum (Memorandum), Iowa Municipalities Workers' Compensation Association (Association) agrees with the Participant as follows:

General Section

A. The Memorandum

This Memorandum includes at its effective date the Information Page and all endorsements and schedules listed therein. This Memorandum sets forth the coverage that the Association agrees to provide to the Participant (the employer named in Item 1 of the Information Page) with respect to workers' compensation and employers' liability claims of the Participant incurred during the year set forth in Item 2 of the Information Page (Coverage Year). This Memorandum sets forth certain agreements and other understandings between the Participant and the Association. All agreements relating to this coverage are stated in this Memorandum. The Information Page will be revised annually each Coverage Year by the Association to reflect coverage, premiums, endorsements and other information applicable during such Coverage Year. The Association will provide the Participant with a copy of a revised Information Page prior to the beginning of each corresponding Coverage Year.

B. Who Is Covered

The Participant is covered if the Participant is an employer named in Item 1 of the Information Page.

C. Workers' Compensation Law

Workers' Compensation Law is the workers' compensation law and occupational disease law of each state or territory named in Item 3A of the Information Page. It includes any amendments to that law which are in effect during this Coverage Year. It does not include the provisions of any law that provides non-occupational disability benefits.

D. State

State refers to any state of the United States of America and the District of Columbia.

E. Locations

This Memorandum covers all of the Participant's workplaces listed in Item 1 of the Information Page and all other workplaces in states listed in Item 3A.

Part One - Workers' Compensation Coverage

A. How This Coverage Applies

This workers' compensation coverage applies to bodily injury by accident or bodily injury by disease. Bodily injury includes injury resulting in death.

1. Bodily injury by accident must occur during the Coverage Year.

2. Bodily injury by disease must be caused or aggravated by the conditions of the Participant's employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Coverage Year.

B. The Association Will Pay

The Association will pay promptly, when due, the benefits required of the Participant by the workers' compensation law.

C. The Association Will Defend

The Association has the right and duty to defend at its expense any claim, proceeding, or suit against the Participant for benefits payable by this coverage. The Association has the right to investigate and settle these claims, proceedings, or suits.

The Association has no duty to defend a claim, proceeding, or suit that is not defined by this coverage.

D. The Association Will Also Pay

The Association will also pay the following costs in addition to other amounts payable under this coverage as part of any claim, proceeding, or suit the Association defends.

1. Reasonable expenses incurred at the Association's request, but not loss of earnings.

2. Premiums for bonds to release attachments and for appeal bonds in amounts up to the amount payable under this coverage.

3. Litigation costs taxed against the Participant.

4. Interest on a judgment as required by law until the Association offers the amount due under this coverage.

5. Expenses the Association incurs.

E. Other Coverage

The Association will not pay more than its share of benefits and costs defined by this coverage and other insurance or self-insurance. Subject to any limits of liability that may apply, all shares will be equal until the loss is paid. If the coverage or any insurance or self-insurance is exhausted, the shares of all remaining coverage will be equal until the loss is paid.

F. Payments the Participant Must Make

The Participant is responsible for any payments in excess of the scheduled benefits provided by the workers' compensation law, including payments required in the event:

1. of the Participant's serious and willful misconduct;

2. the Participant knowingly hires an employee in violation of law;

3. the Participant fails to comply with a health or safety law or regulation; or

4. the Participant discharges, coerces, or otherwise discriminates against any employee in violation of the workers' compensation law.

If the Association makes any payment in excess of the regularly scheduled benefits provided by the workers' compensation law on the Participant's behalf, the Participant will reimburse the Association within 30 days of payment.

G. Recovery From Others

The Association owns the Participant's rights and the rights of persons entitled to the benefits of this Coverage to recover the Association's payments from anyone liable for the injury. The Participant will do everything necessary to protect those rights for the Association and to help the Association enforce them.

H. Statutory Provisions

These statements apply in states where they are required by law:

1. The Association requires notice of the injury when the Participant receives notice.

2. The Participant's default, bankruptcy, or insolvency of the Participant will not relieve the Association of its duties under this coverage after an injury occurs.

3. The Association is directly and primarily liable to any person entitled to benefits payable by this coverage. Said persons may enforce the Association's duties as may an agency authorized by law. Enforcement may be against the Association or against the Participant and the Association.

4. Jurisdiction over the Participant is jurisdiction over the Association for purposes of the Workers' Compensation Law. The Association is bound by decisions against the Participant under the law, subject to the provisions of this Memorandum that are not in conflict with that law.

5. This coverage conforms to the parts of the Workers' Compensation Law that apply to:

   a. benefits payable by this coverage; and

   b. special taxes, payments into security or other special funds, and assessments payable by the Association under the law.

6. Terms of this coverage that conflict with the Workers' Compensation Law are hereby changed by this statement to conform to that law.

   Nothing in these paragraphs relieves the Participant of its duties under this Memorandum.

Part Two - Employers' Liability Coverage

A. How This Coverage Applies

This Employers' Liability Coverage applies to bodily injury by accident or bodily injury by disease. Bodily injury includes injury resulting in death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by the Participant.

2. The employment must be necessary or incidental to the Participant's work in a state or territory listed in Item 3A of the Information Page.

3. Bodily injury by accident must occur during this Coverage Year.

4. Bodily injury by disease must be caused or aggravated by the conditions of the Participant's employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during this Coverage Year.

5. If the Participant is sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

B. The Association Will Pay

The Association will pay all sums the Participant legally must pay as damages in the event of bodily injury to its employees, provided the bodily injury is covered by this Employers' Liability Coverage.

The damages the Association will pay, where recovery is permitted by law, include damages:

1. for which the Participant is liable to a third party by reason of a claim or suit against the Participant by that third party to recover the damages claimed against such third party as a result of injury to the Participant's employee;

2. for care and loss of services;

3. for consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by the Participant; and

4. because of bodily injury to the Participant's employee that arises out of and in the course of employment, claimed against the Participant in a capacity other than as employer.

C. Exclusions

This coverage excludes:

1. liability assumed under a contract. This exclusion does not apply to a warranty that the Participant's work will be done in a worker-like manner;

2. punitive or exemplary damages because of bodily injury to an employee employed in violation of law;

3. bodily injury to an employee while employed in violation of law with the Participant's actual knowledge or the actual knowledge of any of the Participant's executive officers;

4. any obligation imposed by a workers' compensation, occupational disease, unemployment compensation or disability benefits law, or any similar law;

5. bodily injury intentionally caused or aggravated by the Participant;

6. bodily injury occurring outside the United States of America, its territories or possessions, or Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;

7. damages arising out of the discharge of, coercion of, or discrimination against any employee in violation of law.

D. Association Will Defend

The Association has the right and duty to defend, at its expense, any claim, proceeding, or suit against the Participant for damages payable by this coverage. The Association has the right to investigate and settle these claims, proceedings, and suits.

The Association has no duty to defend a claim, proceeding, or suit that is not defined by this coverage. The Association has no duty to defend or continue defending after the Association has paid its applicable limit of liability under this coverage.

E. The Association Will Also Pay

The Association will also pay the following costs in addition to other amounts payable under this coverage as part of any claim, proceeding, or suit the Association defends.

1. Reasonable expenses incurred at the Association's request, but not loss of earnings.

2. Premiums for bonds to release attachments and for appeal bonds in amounts up to the limit of the Association's liability under this coverage.

3. Litigation costs taxed against the Participant.

4. Interest on a judgment as required by law until the Association offers the amount due under this coverage.

5. Expenses the Association incurs.

F. Other Coverage

The Association will not pay more than its share of damages and costs defined by this coverage and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If the coverage or any insurance or self-insurance is exhausted, the shares of all remaining coverage, insurance, and self-insurance will be equal until the loss is paid.

G. Limits of Liability

The Association's liability to pay for damages is limited. The Association's limits of liability are shown in Item 3B of the Information Page. They apply as explained below.

1. Bodily Injury by Accident. The limit shown for *bodily injury by accident-each accident* is the maximum the Association will pay for all damages included by this coverage because of bodily injury to one or more employees in any one accident.

   Bodily injury by accident does not include disease unless it results directly from *bodily injury by accident*.

2. Bodily Injury by Disease. The limit shown for *bodily injury by disease-memorandum limit* is the maximum the Association will pay for all damages defined by this coverage and arising out of bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease. The limit shown for *bodily injury by disease-each employee* is the maximum the Association will pay for all damages because of bodily injury by disease to any one employee.

   Bodily injury by disease does not include disease that results directly from *bodily injury by accident*.

3. The Association will not pay any claims for damages after the Association has paid the applicable limit of the Association's liability under this coverage.

H. Recovery From Others

The Association owns the Participant's rights to recover the Association's payment from anyone liable for an injury defined by this coverage. The Participant will do everything necessary to protect those rights for the Association and to help the Association enforce them.

I. Actions Against the Association

There will be no right of action against the Association under this coverage unless:

1. the Participant has complied with all the terms of this Memorandum; and

2. the amount the Participant owes has been determined with the Association's consent, or by actual trial and final judgment.

This coverage does not give anyone the right to add the Association as a defendant in an action against the Participant to determine the Participant's liability.

Part Three - Other States' Coverage

A. How This Coverage Applies

1. This Other States' Coverage applies only if one or more states are shown in Item 3C of the Information Page.

2. If the Participant begins work in any one of those states and is not insured or is not self-insured for such work, this Memorandum will apply as though that state were listed in Item 3A of the Information Page.

3. The Association will reimburse the Participant for the benefits required by the workers' compensation law of that state if the Association is not permitted to pay the benefits directly to persons entitled to them.

B. Notice

Advise the Association at once if the participant begins work in any state listed in Item 3C of the Information Page.

Part Four - Participant's Duties if Injury Occurs

Advise the Association at once if an injury occurs that may be covered by this Memorandum. Other duties of the Participant are listed below.

1. Provide for immediate medical and other services required by the workers' compensation law.

2. Provide the Association or its agent with the names and addresses of the injured persons and witnesses and other information the Association may need.

3. Provide the Association within ten days all notices, demands, and legal papers related to the injury, claim, proceeding, or suit.

4. Cooperate and assist the Association as it may request in the investigation, settlement, or defense of any claim, proceeding, or suit.
5. Do not interfere with the Association's right to recover from others.

6. Do not voluntarily make payments, assume obligations, or incur expenses, except at the Participant's own cost.

Part Five - Payment of Claims and Expenses

The Participant specifically agrees that it acknowledges and understands that this Association exists for the purpose of allowing all Participants to comply jointly with the requirements of Chapter 87, *Code of Iowa*, requiring employers to cover workers' compensation claims of employees.

The Participant specifically acknowledges and understands that all Participants who have pooled the risks of their workers' compensation liability will be responsible for their pro-rata shares of any claims or expenses which the Association is required to pay to the extent the claims and expenses exceed the Association's resources which are available to pay such claims.

The provisions of the restated agreement of the Association together with its bylaws and rules shall be applicable in determining the respective obligations of the Association and the Participants for paying claims and expenses.

Part Six - Amount of Premium

A. The Association's Manuals

All premiums for the coverage under this Memorandum will be based on the Association's manuals derived from the National Council on Compensation Insurance (NCCI) rules, rates, rating plans, and classifications. The Association may revise its manuals periodically to reflect NCCI changes affecting this Memorandum.

B. Classifications

The Participant's estimated premium schedule referred to in Item 5 of the Information Page shows the rate and premium basis for certain business or work classifications. Classifications were assigned based on an estimate of the exposures the Participant would incur during the Coverage Year. If the Participant's actual exposures are not properly described by those classifications, the Association will assign proper classifications, rates, and premium bases at the time of audit.

C. Remuneration

Remuneration is the most common premium basis. Premium on each work classification is determined by multiplying a rate times a premium basis. This premium basis includes payroll and all other remuneration paid or payable during the Coverage Year for the services of:

1. all the Participant's officers, employees, designated volunteers as shown by endorsement, and others engaged in work covered by this Memorandum; and

2. all other persons engaged in work that could make the Association liable under Part One (Workers' Compensation Coverage) of this Memorandum. If the Participant does not have payroll records for these persons, the contract price for their services and materials may be used as the premium basis. This paragraph, Part 6, C2, will not apply if the Participant gives the Association proof that the employers of these persons lawfully secured their workers' compensation obligations.

D. Premium Payments

The Participant will pay all premiums when due. The Participant will pay the premium even if part or all of a workers' compensation law is not valid.

E. Audit

The Participant will allow the Association to examine and audit all the Participant's records related to this Memorandum. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. The Association may conduct the audits during regular business hours during this Coverage Year and within three years after this Coverage Year ends. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights as the Association under this provision.

F. Final Premium

The premium shown on the Information Page, schedules, and endorsements is an estimate. The final premium will be determined after completion of the annual audit. If the final premium is greater than the estimated annual premium the Participant paid to the Association, the Participant must pay the Association the balance within 30 days of receipt of the notice from the Association of such additional premium. If the final premium is less than the estimated annual premium, the Association will refund the balance to the Participant within 30 days after the final premium is computed. The final premium will not be less than the highest minimum premium for the classifications covered by this Memorandum.

G. Records

The Participant will retain records of information needed to compute annual premium. The Participant will provide the Association with copies of those records when requested.

Part Seven - Conditions

A. Inspection

The Association has the right, but is not obliged, to inspect the Participant's workplaces at any time. The Association's inspections are not safety inspections. They relate only to the insurability of the workplaces and the premiums to be charged. The Association may give the Participant reports on the conditions the Association finds. The Association may also recommend changes. While suggested changes may help reduce losses, the Association does not undertake to perform the duty of any person to provide for the health or safety of the Participant's employees or the public. The Association does not warrant the Participant's workplaces are safe or healthful or that they comply with laws, regulations, codes, or standards. Insurance rate service organizations have the same rights as the Association under this provision.

B. Transfer of the Participant's Rights and Duties

The Participant's rights or duties under this Memorandum may not be transferred without the Association's written consent.

C. Cancellation

1. The Participant may cancel this Memorandum at the end of any Coverage Year by giving at least 60 days written notice to the Association prior to the end of the Coverage Year. In addition, if the Participant cancels this Memorandum before the end of its term as set forth in Item 2 of the Information Page, the Participant shall pay a premium in accordance with the National Council on Compensation Insurance (NCCI) Rules and Regulations (*Rule X, Section D Premium Determination - Cancellation by the Insured*).

2. The Association may cancel this Memorandum at any time if the Participant fails to make timely payment of premiums required by the Association or fails to comply with the rules or regulations of the Association. The Association must mail or deliver to the Participant 30 days written notice stating when the effective date of cancellation. Mailing this notice to the Participant at the mailing address set forth in Item 1 of the Information Page is sufficient to prove notice.

3. The coverage will end on the day and hour stated in the cancellation notice.

4. In no event shall cancellation of the Memorandum release or relieve the Participant from its obligation set forth in Part 5 of this Memorandum nor shall it release the Participant from paying any premium due and owing to the Association.

D. Sole Representative

The Participant first named in Item 1 of the Information Page will act on behalf of all insureds to change this Memorandum, receive return premium, and give or receive notice of cancellation.

VOLUNTARY COMPENSATION AND EMPLOYERS' LIABILITY COVERAGE ENDORSEMENT

This endorsement adds Voluntary Compensation Coverage to this Memorandum.

A. How This Coverage Applies

This coverage applies to bodily injury by accident or bodily injury by disease. Bodily injury includes injury resulting in death.

1. The bodily injury must be sustained by an employee included in the group of employees described in the Schedule.

2. The bodily injury must occur in the course of employment necessary or incidental to work in a state listed in the Schedule.

3. The bodily injury must occur in the United States of America, its territories or possessions, or Canada, and may occur elsewhere if the employee is a United States or Canadian citizen temporarily away from those places.

4. Bodily injury by accident must occur during this Memorandum Period.

5. Bodily injury by disease must be caused or aggravated by the conditions of the Participant's employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during this Memorandum Period.

B. The Association Will Pay

The Association will pay an amount equal to the benefits that would be required of the Participant if the Participant and its employees described in the Schedule were subject to the workers' compensation law shown in the Schedule. The Association will pay those amounts to the persons who would be entitled to them under the law.

C. Exclusions

This coverage excludes:

1. any obligation imposed by a workers' compensation or occupational disease law or any similar law; and

2. bodily injury intentionally caused or aggravated by the Participant.

D. Before the Association Pays

Before the Association pays benefits to the persons entitled to them, they must:

1. release the Participant and the Association, in writing, of all responsibility for the injury or death;

2. transfer to the Association their right to recover from others who may be responsible for the injury or death; and
3. cooperate with the Association and do everything necessary to enable the Association to enforce the right to recover from others.

If the persons entitled to the benefits of this coverage fail to perform the above requirements, the Association's duty to pay ends at once. If said persons claim damages from the Participant or from the Association for the injury or death, the Association's duty to pay ends at once.

E. Recovery From Others

If the Association makes a recovery from others, the Association will keep an amount equal to its expenses of recovery and the benefits the Association paid. The Association will pay the balance to the entitled persons. If the persons entitled to the benefits of this coverage make a recovery from others, they must reimburse the Association for the benefits the Association paid them.

F. Employers' Liability Coverage

Part Two (Employers' Liability Coverage) applies to bodily injury covered by this endorsement as though the state of employment shown in the Schedule were shown in Item 3 of the Information Page.

Notes:

1. Use this endorsement to provide voluntary compensation coverage pursuant to the applicable rules found in the National Council on Compensation Insurance (NCCI) Basic Manual for Workers' Compensation and Employers' Liability Insurance.

2. Use Voluntary Compensation Maritime Endorsement to provide Voluntary Compensation Coverage under the applicable program and rule found in the NCCI Manual.

3. Work in a monopolistic fund state should not be included in the Schedule unless employers' liability coverage is provided in that state by the Employers' Liability Coverage Endorsement.

4. Various uses of this endorsement are illustrated below.

Schedule

Employees	State of Employment	Designated Workers' Compensation Law
All officers and employees not subject to the Workers' Compensation Law	Any state shown in Item 3A of the *Information Page*	The state where the injury takes place
All domestics, farm, and agricultural workers	Utah	Utah
All partners of the insured partnership	Kansas	Kansas

Longshoremen's and Harbor Workers' Compensation Act Coverage Endorsement

This endorsement applies only to work subject to the Longshoremen's and Harbor Workers' Compensation Act in a state listed on the Schedule. This Memorandum applies to that work exactly as if that state were listed in Item 3A of the Information Page.

The definition of workers' compensation law includes the Longshoremen's and Harbor Workers' Compensation Act (33 USC Sections 901-950) and any amendment to that Act that is in effect during this Memorandum Period.

This endorsement does not apply to work subject to the Defense Base Act, the Outer Continental Shelf Lands Act or the Nonappropriated Fund Instrumentalities Act.

Schedule

State	Longshoremen's and Harbor Workers' Compensation Act Coverage Percentage
IA	If any

The rates for classifications with code numbers not followed by the letter "F" are rates for work not ordinarily subject to the Longshoremen's and Harbor Workers' Compensation Act. If this Memorandum covers work under such classifications, and if the work is subject to the Longshoremen's and Harbor Workers' Compensation Act, those non-F classification rates will be increased by the Longshoremen's and Harbor Workers' Compensation Act Coverage Percentage shown in the Schedule.

Notes:

1. The Longshoremen's and Harbor Workers' Compensation Act is a federal workers' compensation law that applies to workers in maritime employment, including longshoremen, harbor workers, shipbuilders, shipbreakers, and ship repairers. It does not apply to masters or crews of vessels or persons unloading vessels under 18 tons net. See the applicable rule found in the National Council on Compensation Insurance (NCCI) Basic Manual for Workers' Compensation and Employers' Liability for additional details.

2. Use this endorsement to provide workers' compensation coverage and employers' liability coverage for work subject to the Longshoremen's and Harbor Workers' Compensation Act in any state, including a monopolistic state-fund state.

3. Coverage is provided in a state by naming the state in the Schedule.

4. The following entry may be typed or printed in the Schedule to provide coverage in Item 3A states:

   "Each state named in item 3A of the Information Page."

5. The following entry may be typed or printed in the Schedule to provide coverage in Item 3A and 3C states:

   "Each state named in item 3A and 3C of the Information Page."

Restated Agreement of the
Iowa Municipalities Workers' Compensation Association

Iowa Municipalities Workers' Compensation Association, an association organized and existing under the provisions of Iowa Code Chapter 28E and all amendments thereto, with all the rights, powers and privileges vested in and conferred upon such an association under the laws of the State of Iowa, hereby adopts, executes and acknowledges the following Restated Agreement of Iowa Municipalities Workers' Compensation Association.

ARTICLE I.

Name—Place of Business

Section 1. The name of this association is Iowa Municipalities Workers' Compensation Association.

Section 2. The principal place of business of this association is located in Des Moines, Polk County, Iowa, and the principal address of the association is: 317 Sixth Avenue, Suite 800, Des Moines, Iowa 50309-4122.

ARTICLE II.

Purposes—Powers—Members

Section 1. The purpose of this association is to allow Iowa municipalities to comply jointly with the provisions of Iowa Code Chapter 87 by pooling the risks of their workers' compensation and related employer liability.

Section 2. In order to carry out these purposes, the association shall exercise and enjoy all of the powers, privileges and authority exercised or capable of exercise by a municipality of this state, in meeting its obligations under Iowa Code Chapter 87 including, but not limited to, the power to issue bonds, notes or other obligations on behalf of participating municipalities or to otherwise assist in the issuance by such municipalities of such obligations; to make funds available to provide programs of risk sharing, insurance and risk management services in connection with workers' compensation claims and to assist municipalities in establishing financial reserves for such purposes; provided, however, that nothing herein shall prevent any of the parties hereto from separately exercising any such powers, privileges or authority. This association shall have no power to levy taxes.

Section 3. Membership in this association shall be limited to Iowa municipalities, which term for purposes of this Agreement includes all cities and counties of the state of Iowa and any other political subdivision which may be authorized by the provisions of Iowa Code Section 87.4 to join an association comprised of cities or counties, or both, which have entered into an agreement under Chapter 28E to establish a self-insurance program for the payment of workers' compensation benefits. Any municipality may apply for membership in the association. The association, in its full discretion, shall accept or reject each application.

ARTICLE III.

Effective Date—Termination—Disposal of Assets

Section 1. The effective date of this Restated Agreement shall be the date this Restated Agreement is filed with the Secretary of State of Iowa and recorded with the county recorder in Polk County and with the county recorder of each county in which a member is located.

Section 2. This Agreement becomes effective as to any other municipality on the date the application of the municipality to become a member is approved by the association and a copy of such approved application and of the resolution of the governing body of the municipality authorizing such application is filed with the secretary of state and is recorded with the county recorder in the county in which the municipality is located; a copy of this Agreement shall also be recorded in said county if said Agreement has not previously been recorded.

Section 3. This Agreement shall continue in effect until terminated by the Board of Trustees. This Agreement may not be terminated and the association may not dissolve or liquidate unless all debts and obligations of the association have been paid in full, or provision for such payment in full has been made, in accordance with the appropriate debt instruments, and unless all contracts and agreements entered into by the association have been complied with or performed.

Section 4. Upon termination of this Agreement, any assets of the association not required to be maintained in a reserve for the payment of claims, debts or obligations, and any assets remaining after all claims, debts and obligations have been settled and disposed of, shall be returned to the participating municipalities pursuant to the rules of the association.

Section 5. Any municipality may withdraw from this association in accordance with the rules of the association. No municipality may withdraw unless all of its debts and obligations to the association have been paid in full, or provision for such payment in full has been made, and unless it has complied with and performed all contracts and agreements with the association.

Section 6. The membership of a municipality may be cancelled by the association in accordance with its Bylaws and rules.

ARTICLE IV.

Board of Trustees

Section 1. The business and affairs of this association shall be managed and conducted by a Board of Trustees consisting of such number as may be designated in the Bylaws of the association. The members of the Board of Trustees shall be elected by the participating municipalities, pursuant to procedures designated in the Bylaws of the association.

Section 2. A Trustee shall receive no compensation for serving as a Trustee of the association.

Section 3. A Trustee and any officer of the association, as a condition of accepting said office, shall be reimbursed by the association for expenses actually and necessarily incurred in serving as a Trustee. A Trustee shall not be personally liable for a claim based upon an act or omission of the Trustee performed in the discharge of the Trustee's duties, except for acts or omissions which involve intentional misconduct or knowing violation of the law or for a transaction from which the Trustee derived an improper personal benefit. A Trustee shall be indemnified against expenses actually and necessarily incurred in connection with the defense of any action, suit or proceeding in which the Trustee is made a party by reason of having been or being a Trustee or officer of the association, unless such action, suit or proceeding involves one of the exceptions noted above.

ARTICLE V.

Execution of Documents

Section 1. Deeds, mortgages, contracts, conveyances and other instruments creating, conveying, granting or releasing any interest in real estate and all other instruments or contracts having or requiring the acknowledgement of this association shall be sufficiently executed if signed by two of its officers as defined in the Bylaws.

Section 2. The Bylaws of the association or a special resolution of the Board of Trustees may provide for other methods of execution of any instruments referred to in this Article V.

Section 3. This association shall not have a seal.

ARTICLE VI.

Meeting—Officers—Bylaws

Section 1. This association shall have an annual meeting and may have such other and special meetings at such times and places, and with such notice as is provided in the Bylaws.

Section 2. This association may have such officers and assistant officers as may be deemed necessary by the Board of Trustees and the number, manner of selection or election, term of office and other related matters shall be provided in the Bylaws.

Section 3. The association may adopt Bylaws and rules for the regulation and management of the affairs of this association not inconsistent with these Articles or the laws of the State of Iowa.

ARTICLE VII.

Financing—Administration

Section 1. The association may finance this joint undertaking through: a) the issuance on behalf of the municipalities of bonds, notes or other obligations, b) payments from its members, c) the money earned from the lawful investment of the proceeds of such bonds, notes, obligations or contributions, and d) all other monies which shall be received by the association in connection with the administration of its operations.

Section 2. The board shall approve a budget for the coming year based on anticipated receipts from all sources and anticipated expenses including reserves required to be maintained during the coming year.

Section 3. The association may use its funds to pay all lawful expenses of the association, and shall make all payments which it considers reasonable in carrying out its purposes, including but not limited to: the payment of any bonds, notes or other obligation of the association, and interest and premium, if any; direct payments of workers' compensation claims; the payment of premiums for insurance and reinsurance policies; the establishment of such reasonable reserves as it may be required to maintain; and the expenses incurred in carrying out its purposes.

Section 4. In accordance with its rules, the association shall be obligated to return to the participating municipalities the excess of premium contributions and other income over costs, expenses, losses, and such reasonable reserves as may be required to be maintained by applicable law, or by the Board of Trustees.

Section 5. The association shall establish rules for the payment of workers' compensation benefits and related employer liability claims against any participating municipality. Each participating municipality agrees to comply with these rules, and further agrees that the association, its administrator, and service agent will have full authority to handle, investigate and dispose of all claims for workers' compensation and related employer liability made against the municipality.

Section 6. The association shall appoint an administrator. The administrator shall have power and authority to implement the policy of the association and to supervise its activities and funds, pursuant to applicable state and federal laws, rules, regulations and contractual arrangements. The administrator shall be entitled to such fees for its services as may be agreed to by the association and the administrator.

Section 7. The association may appoint a service agent to advise the administrator in all manners relating to the supervision of its activities and funds, including but not limited to determining the amount of annual premium contributions required to be made by the participating municipalities; handling, investigating and disposing of claims against the participating municipalities; advising the administrator on the proper establishment and maintenance of necessary reserves; recommending the proper amount of reinsurance; providing reports and accounting necessary to be filed with an applicable agency; and presenting programs to the members relating to the elimination of safety hazards. The service agent shall be entitled to such fees for its services as may be agreed to by the association and the service agent.

Section 8. The association shall obtain excess insurance coverage or provide proof that adequate funds are available to cover losses, in accordance with applicable laws, rules and regulations.

Section 9. Each participating municipality agrees that, to the extent permitted by Iowa law and unless otherwise provided for in the rules or by contract with the association, it will be responsible for its pro-rata share of any workers' compensation or related employer liability claims which exceed the association's resources available to pay such claims.

Section 10. In the event the association pays any claims against a municipality, the association shall be subrogated to the extent of such payment to all the rights of the municipality against any person or other entity legally responsible for such loss, and the municipality agrees to render all reasonable assistance to effect recovery.

Section 11. The liability of the association to the employees of any participating municipality shall be specifically limited to such obligations as are imposed by law against any municipality for workers' compensation and related employer liability.

ARTICLE VIII.

Appropriate Action

Section 1. This Restated Agreement correctly sets forth the provisions of the Agreement of the association as heretofore and hereby amended; has been duly adopted by the association; and supersedes the original Agreement and all amendments thereto.

ARTICLE IX

Amendment

Section 1. This Restated Agreement may be altered, amended or repealed and a new Agreement may be adopted by the Board of Trustees provided that before any change becomes effective, it must first be filed in the manner provided for filing this Restated Agreement.