

LiCON COOPERATIVE OF NEVADA (LiCON)
INTERLOCAL COOPERATIVE AGREEMENT

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**LIABILITY COOPERATIVE OF NEVADA
(LiCON)**

AMENDED
INTERLOCAL COOPERATIVE AGREEMENT

THIS AGREEMENT is entered into pursuant to the provisions of Nevada Revised Statutes ("NRS") 277.055 and NRS 277.080 through 277.180 relating to interlocal cooperative agreements, between non-profit medical facilities and public agencies, which have signed this Agreement, and those that may sign hereafter, for the purchase of insurance and/or the establishment of a self-insurance reserve or fund for coverage under a plan of: casualty insurance, as defined in NRS 68 1A.020; marine and transportation insurance, as defined in NRS 681A.050; property insurance as defined in NRS 681A.060; surety insurance, as defined in NRS 681A.070; or insurance for any combination of these kinds of insurance for those public agencies and non-profit medical facilities, which program is hereinafter designated Liability Cooperative of Nevada ("LiCON").

WITNESSETH:

WHEREAS, it is to the mutual benefit and in the best public interest of the parties to this Agreement to join together to establish this Interlocal Cooperative Agreement for the purposes hereinafter set forth; and

WHEREAS, the development, organization and implementation of such a program is of such magnitude that it is necessary for the parties to join together through this Interlocal Cooperative Agreement in order to accomplish the purposes herein set forth; and

WHEREAS, it has been determined by the parties that programs of insurance or self-insurance are of value on a mutual basis; and

WHEREAS, an insurance or self-insurance program can adequately serve the needs of all the parties; and

WHEREAS, the Nevada Interlocal Cooperation Act, as set forth in Nevada Revised Statutes NRS 277.080 through 277.180 authorizes joint exercise by two or more public agencies of any power common to them; and

WHEREAS, it is the desire of the parties signing this Agreement to jointly provide for an insurance or self-insurance program for their mutual advantage;

WHEREAS, NRS 277.055 provides that two or more public agencies or non-profit hospitals may enter into a cooperative agreement for the purchase of insurance and/or the establishment of a self-insurance reserve or fund for coverage under an insurance plan as specified in NRS 277.050(2);

WHEREAS, each of the parties to this Agreement desires to join together with the other parties for the purpose of establishing an insurance or self-insurance fund by pooling certain self-insured claims and losses and transferring risk between and among the parties, and/or jointly purchasing excess insurance and administrative services in connection with self-insurance and/or insurance programs for said parties;

NOW, THEREFORE, for and in consideration of the mutual advantages to be derived, and in consideration of the execution of this Agreement by the public agencies and/or non-profit medical facilities, each of the parties hereto does hereby agree that the Liability Cooperative of Nevada ("LiCON") be created as follows:

I. DEFINITIONS AND GENERAL PROVISIONS

1. "Act." The Nevada Interlocal Cooperation Act as set forth in NRS 277.080 through 277.180.
2. "Administrator." LiCON or the contractor or consultant, if any, retained by the LiCON Council to administer LiCON.
3. "Certificate of Participation." The document issued to each Member or Participant evidencing its participation in a LiCON Plan.
4. "Claim." shall mean a demand made against a Member arising out of a Loss.
5. "Coverage Contract." A contract of group self-insurance through risk-sharing with risk transfer, which defines the extent of Member's liability coverage under a LiCON Plan.
6. "Coverage Year." shall mean the period of time during which a Coverage Contract is effective.
7. "Excess Insurance." shall mean insurance under which Participants and LiCON are protected against designated Losses in excess of the Self-Insured Retention levels.
8. "Fiduciary." The bank, trust company, or other investment entity appointed by LiCON which holds the funds of LiCON which said funds will be used for the payment of Claims, losses and expenses of Members of LiCON and are subject to the ultimate control of LiCON. LiCON shall maintain legal title to said funds.
9. "Fiscal Year." shall mean that period of time commencing July 1 of each year and ending on the following June 30.
10. "Funds." Unless the context otherwise specifies, all monies paid into LiCON for any purpose, including any earnings thereon, or any other sums coming to LiCON from any source.
11. "LiCON." Liability Cooperative of Nevada.

12. "LiCON Council." The governing body of LiCON.
13. "LiCON Plan(s)." Any insurance or self-insurance plan created by LiCON under this Interlocal Cooperative Agreement, coverage contract, or related documents, including its Excess Insurance Program.
14. "Loss" shall mean a liability or potential liability of a Member or Participant including litigation expenses, attorneys' fees and costs which may be covered by an insurance or self-insurance plan of LiCON.
15. "Member." Any public agency or non-profit medical facility as contemplated in NRS 277.055(1), which is a party to this Agreement and approved for participation by the LiCON Council and which participates in all liability coverage contracts offered by LiCON. A Member has voting rights under this Agreement.
16. "Participant." Any public agency or non-profit medical facility as contemplated in NRS 277.055(1), which is a party to this Agreement and approved for participation by the LiCON Council but does not participate in liability coverage contracts offered by LiCON. A Participant has no voting rights under this Agreement.
17. "Public Agency" shall mean (a) any political subdivision of this state, including without limitation counties, incorporated cities and towns, including Carson City, unincorporated towns, school districts and other districts; (b) any agency of this state or of the United States; (c) any political subdivision of another state; (d) any Indian tribe, group of tribes, organized segment of a tribe, or any organization representing two or more such entities.
18. "Self-Insured Retention" shall mean that portion of a Loss experienced by a Member which is retained as a liability or potential liability by LiCON.

II. PURPOSES AND TERM

1. **Purposes**. The purposes of LiCON are to provide Members and Participants with the mechanisms to accumulate, administer and invest funds for the purchase of insurance and/or the establishment of a self-insurance reserve or fund for coverage under a plan of: casualty insurance, as defined in NRS 681A.020; marine and transportation insurance, as defined in NRS 681A.050; property insurance as defined in NRS 681A.060; surety insurance, as defined in NRS 681A.070; or insurance for any combination of these kinds of insurance to insure or self-insure as a group various liabilities up to a specified, predetermined amount; to secure excess insurance on a group basis, deemed appropriate; and to effect cost savings to Members and Participants in the administration of LiCON.

2. **Term**. This Agreement shall become effective as of the date hereof, and shall continue in full force and effect until it is terminated and LiCON is dissolved as provided herein. It is the further intent of the parties that the withdrawal or termination of any Member or Participant from any LiCON Plan; or from LiCON itself, shall not terminate such Plan or this

Agreement as to the remaining Members or Participants therein, nor relieve any Member or Participant or former Member or former Participant from any obligations it may have under this Agreement, except as provided expressly in article IX.

III. CREATION OF LiCON

1. **Separate Entity.** Pursuant to NRS 277.110 and 277.120, there is hereby created a public entity, separate and apart from the parties hereto, to be known as the Liability Cooperative of Nevada ("LiCON"). The debts, liabilities, and obligations of LiCON shall not constitute debts, liabilities, or obligations of any party to this Agreement. Nor shall any party to this Agreement have any right, title or interest in the assets of the Authority, or in any contributions, consideration or property paid or donated by a party to LiCON, or any of its plans, except as expressly provided in this Agreement.

2. **Liability for Other Members or Participants.** Except to the extent of the financial contributions to LiCON agreed to herein, or such additional obligations as may come about through amendments to this Agreement, or the Bylaws of LiCON, no Member or Participant shall be responsible for any Claims in tort or contract asserted against any other Member or Participant.

3. **Limitation of Members or Participants' Relationships.** In the creation of LiCON, the Members or Participants intend only to establish an organization for insurance and/or self-insurance plans in accordance with the terms and within the scope of this Agreement and have not intended to create as between Members or Participants any other relationships of surety, indemnification or responsibility for debts or Claims of any other Members or Participants.

4. **Members or Participants' Liability.** The liability of each Member or Participant for the obligations of LiCON shall be individual, several and proportionate liability, and not joint.

IV. POWERS OF LiCON

LiCON shall have all the following common powers and all additional powers set forth in the interlocal cooperative agreement laws of the State of Nevada, and LiCON is authorized to do all acts necessary for the exercise of said powers, including but not limited to, the following:

1. To make and enter into contracts;
2. To incur debts, liabilities, and obligations;
3. To acquire, lease, hold, or dispose of property,
4. To sue and be sued in its own name;

5. To settle any claim against LiCON or its Members as hereinafter provided;
6. To receive and use contributions and advances from Members and Participants or other persons, firms, corporations or governmental entities, including contributions or advances of personnel, equipment, or property, to the extent that funds for the operation of LiCON are not made available through grant, gift or other source;
7. To invest and reinvest money in LiCON's treasury that is not required for its immediate necessities, pursuant to NRS 355.175; and
8. To exercise all powers necessary and proper to carry out all provisions of this Agreement, or otherwise authorized by law.

V. ORGANIZATION AND ADMINISTRATION

1. **Responsibility.** The responsibility for administration of LiCON and LiCON Plans shall be vested in LiCON, functioning through the LiCON Council.

2. **Agents.** Each Member and Participant hereby appoints LiCON Council and its delegates or designees to act as its agents in executing all contracts, reports, waivers, agreements and service contracts and to make and arrange for the payment of Claims and all other things required for the proper and orderly operation of LiCON.

3. **Bylaws.** LiCON shall be governed pursuant to this Agreement and to the Bylaws attached hereto as Exhibit A. Amendment of these Bylaws may be proposed by any Member's designated representative. A copy of the proposed amendment and reasons therefore, shall be forwarded to LiCON Council, if not proposed by LiCON Council. All proposed amendments shall be approved by a two-thirds written vote of LiCON Council before the amendment shall become effective. Upon its approval, the amendment shall be disseminated to all Members and Participants. The effective date of any amendment shall be the date of adoption, unless otherwise stated in the amendment. Each party to this Agreement agrees to comply-with and be bound by the provisions of the said Bylaws and further agrees that LiCON shall be operated pursuant to this Agreement and the said Bylaws. In the event of any conflict between the Bylaws and this Agreement, this Agreement shall prevail.

4. **LiCON Council.** The governing body of LiCON shall be known as the "LiCON Council." Upon approval by the Members of this amended Agreement, the Council shall continue in office and shall be responsible for overseeing the operation of LiCON and the LiCON Plans, as provided herein. LiCON Council shall establish such policies and guidelines as may be necessary to carry out LiCON Plans. The organization and structure of LiCON Council shall be established in the Bylaws, as they may be amended as provided therein.

VI. LiCON COUNCIL

1. **Number.** LiCON shall be governed by the LiCON Council which is hereby established and which shall be composed of representatives of the Members, who shall be elected by the Members, in accordance with the LiCON Bylaws.

2. **Treasurer.** LiCON Council shall elect officers, including a Treasurer as designated in the LiCON Bylaws, as amended from time to time. In addition to the Fiduciary, the Treasurer has authority to handle Funds of LiCON.

3. **Authority to Contract.** It is anticipated that many of the functions required of LiCON Council herein will be performed by independent contractors or consultants. LiCON Council shall therefore have the right to contract for the day-to-day management of the fund, investments, computation and collection of contributions, loss control, risk management, claims processing, defense and litigation, or any other activity which LiCON Council may have the right or obligation to perform.

4. **Liability of LiCON Council or Officers.**

- a. **Standard of Care.** The members of the LiCON Council and officers of LiCON should use ordinary care and reasonable diligence in the exercise of their powers and duties hereunder.
- b. **Limitation of Liability.** The members of the LiCON Council shall not be liable for any mistake of judgment or other action made, taken or omitted by any of their agents, employees or independent contractors selected by them with reasonable care nor for loss incurred through investment of, or failure to invest, LiCON funds, and no member of the LiCON Council or officer shall be liable for any action taken or omitted by any other member of the LiCON Council or officer.
- c. **Indemnification of Council Members.** LiCON shall defend and hold harmless any member of the LiCON Council acting within the scope of his authority for LiCON.

VII. CONTRIBUTIONS AND OPERATIONS

1. **Contributions for Members.** The parties agree that each Member shall make payment of contributions for coverage under a LiCON Coverage Contract and the operations of LiCON. The amount of such contribution for each Participant shall be determined by LiCON. It is agreed that there must be a timely and orderly method of determining and paying such contributions. The LiCON Council is therefore authorized and directed to establish the rate of contributions for each Member, and the time schedule for payment of such contribution. Members acknowledge that the rates established by LiCON Council for coverage under a LiCON Coverage Contract may reflect overall changes in coverage, changes in exposure and the

past or projected experience of the Members, as a group during the life of the LiCON Coverage Contract, as well as the judgment of the Actuary, and will not necessarily reflect the experience of an individual Member during any specific period of participation. Consequently, there can be no assurance that current or former Members will benefit equally from changes in the LiCON Coverage Contract (including, but not limited to, changes in eligibility for participation credits or enlargements of coverage grants), nor that the burdens will be equally shared (including, but not limited to, rate increases, restrictions on coverage, or unanticipated Claims expenses.) The timely payment of all contributions to LiCON by each Member shall be a condition precedent to the continuation of participation by each Member in LiCON and a LiCON Coverage Contract. A Member has no title or interest in the Member's contributions, whether equitable or otherwise, except as expressly provided in this Agreement.

2. **Annual Nature of Participation.** Participation in a LiCON Coverage Contract, except initial participation shall be for two (2) years at a time commencing July 1 and ending June 30, subject to termination at any time upon either LiCON or Member giving notice as required by article IX in writing to the other. Participation may be renewed for additional one (1) year terms by submitting to LiCON prior to the close of the then-current term, such information as LiCON Council may require or may specify in the Coverage Contract, and by remitting to LiCON upon such payment schedule as LiCON shall specify, the Member's contribution for the following year.

3. **Computation of Contribution.** The amount to be contributed by each Member to LiCON shall be determined by the LiCON Council. The computations shall be made based on independent actuarial computations, taking into account factors such as, but not limited to, the total number of beds, outpatient visits, inpatient visits, physicians on the medical staff, surgeries, loss experience, property values, earnings, vehicles or equipment owned or used, and number of employees. If at any time LiCON Council, based upon the recommendation of the Actuary, determines that contributions of Members need to be adjusted prospectively or retrospectively, it may do so on a group or individual rate of adjustment basis.

4. **Loss Control and Risk Management.** Participants in any Coverage Contract agree to follow the loss prevention and risk management recommendations of LiCON Council, and to abide by all conditions, requirements, rules and regulations regarding loss control and risk management which may be promulgated by LiCON Council.

5. **Right to Inspect.** As provided in the Coverage Contract, each Member agrees that LiCON Council, Administrator, or any of their respective agents, servants, employees or attorneys shall be permitted at any reasonable time to inspect Member's property and operations and to examine Member's books, documents and records as necessary in the proper operation of LiCON.

6. **Audit.** LiCON Council shall obtain an annual audit of the financial affairs of LiCON, by a Certified Public Accountant at the end of each fiscal year in accordance with generally accepted auditing principles. A copy of the annual audit report shall be delivered to each Member. The costs of such audit shall be paid from the funds of LiCON.

7. **Binding Nature.** Any non-profit medical facility or public agency, which makes applications for participation in a LiCON plan, and is accepted as a Member or Participant and signs this Agreement, shall thereupon become a party to this Agreement and shall be bound by all the terms and conditions hereof; provided, however, that any Member or Participant may be refused admission to LiCON at the sole discretion of LiCON Council. The power to adopt, modify or rescind any standards for admission to LiCON is the responsibility of the LiCON Council.

8. **Deposit of Funds.** Member shall pay contributions to LiCON and LiCON shall deposit said contributions with an appropriate fiduciary to be administered in accordance with Nevada law, the provisions of this Agreement and the LiCON Bylaws. The contributions and income therefore shall be accumulated to pay covered Claims against Members together with allocated costs and administrative costs, up to a specified amount to be determined from time to time by LiCON Council upon the advice of Administrator.

9. **Contributions of Members.** Without in any way limiting the powers otherwise provided in this Agreement, the Bylaws, or by statute, LiCON shall have the power and authority to receive, accept and utilize the services of personnel offered by any Member or its representatives or agents; to receive, accept, and utilize property, real or personal, from any Member or its agents or representatives; and to receive, accept, expend and disburse funds by contract or otherwise, for purposes consistent with the provisions of LiCON, which funds may be provided by any Member, its agents, or representatives.

10. **Excess Insurance.** LiCON shall obtain or cause to be obtained such excess insurance as may be necessary and prudent in the judgment of LiCON Council. The expense of such excess insurance shall be paid from the funds of LiCON.

VIII. CLAIMS ADMINISTRATION AND PAYMENT OF LOSSES

1. **General.** The principal purpose for the establishment of LiCON is to provide for the orderly presentment, examination, investigation, defense or settlement of certain identified Claims made against the Members. It is agreed and understood that LiCON shall use the sums contributed by the Members to pay only such Losses and Claims to which LiCON is obligated by the Coverage Contract unless LiCON authorizes additional payments.

2. **Presentment of Claims.** The services and benefits to be provided under a LiCON Coverage Contract shall be paid or furnished to or for the benefit of a Member with respect to a particular incident or Claim only if LiCON is notified as required by the Coverage Contract.

Upon presentation of a Claim to LiCON under a LiCON Plan and a determination that it is within the Coverage Contract, the following accounting procedures shall be followed by Administrator in connection with such Claim:

- a. The Claim shall be evaluated as to probable Loss exposure and defense cost.
- b. The sum so determined shall be established as a reserve. Such reserve sum shall be held for the administration and payment of such Claim, and for no other purpose.
- c. Reserves shall be established in order of the presentation of Claims.
- d. The reserves shall be adjusted from time to time based upon the then evaluation of such Claim reserved against.

LiCON Council and LiCON's Actuary shall be advised by Administrator as to the current status of Claims against Participants.

3. Investigation and Defense. Administrator or its agent shall investigate, or cause to be investigated, all such Claims referred to in the foregoing paragraph and shall attempt to adjust or settle such Claims. As required and subject to the provisions of the Coverage Contract, LiCON, through its designated counsel will provide legal defense of Claims against Members. The Member agrees to aid LiCON in such matters and to provide and make available all information and personnel as reasonably may be required in the opinion of Administrator to investigate and defend the Claim.

4. Delegation of Authority to Settle Claims. LiCON Council may delegate to the Administrator authority to settle certain claims against LiCON and certain Claims against Members.

IX. TERMINATION OR WITHDRAWAL OF MEMBER OR PARTICIPANT

1. Withdrawal of Member or Participant. A Member or Participant may voluntarily terminate its participation in LiCON or a LiCON Plan by giving the required written notice of withdrawal. A withdrawing Member or Participant shall remain liable for any unpaid contribution which shall have accrued under any Coverage Contract, insurance policy or Certificate of Participation, and for any liability it may have to LiCON itself, through the effective date of termination. Upon its voluntary withdrawal or its termination as a covered Member in a LiCON Coverage Contract, the rights of a Member after termination shall be limited to those benefits, such as the defense and indemnity of Claims covered under Coverage Contracts issued by LiCON, which have accrued as of the date of termination as determined by the provisions of the Certificate of Participation, or other evidence of coverage and/or insurance issued to the Member. A withdrawing or terminating Member shall have no other rights in any assets of LiCON or of any LiCON Plan, whether denominated as equity, surplus, contributions or otherwise, except as provided in Article XV.

2. **Member or Participant Insolvency.** A Member or Participant may not withdraw as a Member or Participant for a period of two (2) years after its initial entry, except in cases of insolvency or a change in its legal status as a public agency or non-profit medical facility.

3. **Notice of Withdrawal.** After two (2) years following its initial entry, a Member or Participant may withdraw from a LiCON Plan upon giving six (6) months written notice to the Administrator of LiCON.

4. **Effect of Withdrawal.** The withdrawal of a Member or Participant shall not affect the existence of LiCON and/or a LiCON Plan.

5. **Payments Before Withdrawal.** In order to withdraw, the Member or Participant shall pay any outstanding amounts due and owing to LiCON.

6. **Involuntary Termination.** The LiCON Council may terminate a Member or Participant from a LiCON Plan, or from LiCON itself by two-thirds vote of the LiCON Council at a meeting called for that purpose for:

- a. Failure to abide by any term or condition of this Agreement or of any duly adopted amendment of this Agreement or of a Coverage Contract; or
- b. Failure to give prompt notification to Administrator of incidents and Claims; or
- c. Failure to implement loss control and risk management activities recommended by the Administrator and the majority of the LiCON Council.
- d. Failure to pay any contribution when due; or
- e. Without cause.

In the case of termination for failure to pay any contribution when due, LiCON Council shall establish such notice periods as it may deem necessary or appropriate. In all other cases of termination for breach of any of the aforementioned conditions Member or Participant shall be given thirty (30) days' notice of termination.

Upon recommendation of Administrator, the LiCON Council may terminate a Member or Participant without cause by mailing to the Member or Participant written notice stating when, not less than thirty (30) days thereafter, such termination shall be effective.

7. **Adjustment.** Whether termination is voluntary or involuntary, a Member or Participant shall remain liable for any unpaid contribution which shall have accrued prior to the withdrawal or termination of its participation in LiCON or a LiCON Plan. Adjustment for amounts of contribution due LiCON or a LiCON Plan upon termination shall be made within thirty (30) days of the time at which cancellation is effective.

8. **Continued Liability.** If at any time LiCON Council, based upon the recommendation of the Actuary, determines that contributions of Members need to be adjusted prospectively or retrospectively, it may do so on a group or individual rate adjustment basis. The amount of any such terminated or withdrawn Member's adjustment shall be in accordance with a formula developed by LiCON's actuary and approved by the LiCON Council. Any adjustments of contributions paid by a withdrawn Member shall be limited to three (3) years after its withdrawal or termination.

9. **Responsibility for Contributions.** Members who have withdrawn or have been terminated shall remain responsible for payments of any contributions for the time period during which such Member was a member in LiCON.

X. **ADMINISTRATOR**

1. **Appointment of Administrator.** LiCON Council shall appoint an experienced and qualified Administrator to administer LiCON. Such Administrator may be a person, association, partnership, corporation, or any other form of entity, who shall secure a license when required by applicable Nevada law.

2. **Duties of Administrator.** LiCON Council shall enter into a service agreement with any contracted Administrator which shall specify all of the agreed upon duties and obligations of the Administrator.

XI. **FIDUCIARY**

1. **Designation of Fiduciary.** LiCON Council shall appoint a bank, trust company, or other investment entity which is qualified to do a trust business to serve as fiduciary in connection with investment of funds of LiCON.

XII. **ACCOUNTS AND RECORDS**

1. **Annual Budget.** The LiCON Council annually shall adopt an operating budget for the Authority.

2. **Funds and Accounts.** The Treasurer of LiCON shall establish and maintain, and shall cause Fiduciary to establish and maintain, such funds and accounts as required by the LiCON Council and as required by good accounting practice. Books and records of LiCON in the hands of the Treasurer shall be open to any inspection at all reasonable times by LiCON Council and as otherwise required by law.

3. **Bond.** A bond in the amount determined adequate by LiCON Council shall be required of all officers and personnel authorized to disburse funds of LiCON or the fiduciary.

XIII. ACTUARY

1. **Appointment.** LiCON Council shall retain an Actuary.
2. **Duties.** The Actuary shall conduct an Actuary study at least every other year to determine the estimated ultimate liability of LiCON.
3. **Payment.** The professional fee paid the Actuary for its services shall be an expense of LiCON.

XIV. LEGAL COUNSEL

1. **Appointment.** LiCON Council may appoint an attorney as needed, for a term to be determined by the LiCON Council.
2. **Duties.** Legal Counsel shall have such duties as may be requested of it in writing by LiCON Council or Administrator.
3. **Payment.** The professional fees of Legal Counsel for services rendered to LiCON shall be an expense of LiCON.

XV. AMENDMENT AND TERMINATION OF AGREEMENT

1. **Amendment.** This Agreement may be amended at any time and from time to time by an instrument in writing approved by two-thirds vote of the full LiCON Council, , provided, however, that:
 - a. No amendment shall increase the duties or liabilities of either LiCON Council, Fiduciary, or Administrator other than on a prospective basis.
 - b. No amendment shall retroactively reduce the benefits which any Member is entitled to receive under any Coverage Contract for any Coverage Year in which Member was a Member in LiCON.

Upon approval by the LiCON Council, said amendment shall immediately be effective and binding upon all Members and Participants. Any Member or Participant which has failed to sign the amendment shall have the option of withdrawing from LiCON in accordance with Article IX of this Agreement, or remaining in LiCON and being bound by such amendment. In the event a Member or Participant fails to exercise the option to withdraw within thirty (30) days, Member or Participant shall be deemed to have accepted the amendments.

2. **Termination by Agreement.** Members may terminate LiCON or a LiCON Plan without a successor plan or entity effective as of the end of the then-current Coverage Year by an instrument in writing approved by a vote of two-thirds of LiCON Council, provided, however, if

LiCON or any LiCON Plan shall be so terminated, such termination shall not reduce or terminate the rights, benefits and obligations of any Member or Participant as to any Claim theretofore presented.

3. **Termination of a LiCON Plan by Withdrawals.** If, at any time, by reason of withdrawals or terminations of Members or Participants and upon the Actuary's determination that a LiCON Plan is no longer economically feasible or actuarially sound, then the LiCON Plan may be terminated and dissolved by LiCON Council by its two-thirds vote.

4. **Disposition of Funds Upon Termination of LiCON.** Upon termination of LiCON, Fiduciary shall retain in a liquidation fund such sums up to the entire amount held by LiCON for the benefit of the Members in such Plan as the LiCON Council deems sufficient to pay the remaining obligations of LiCON. In the alternative, LiCON may insure or reinsure all outstanding liabilities of Members. Any funds remaining after termination of LiCON after adequate provision for all liabilities and Claims thereunder, shall be distributed to Members and former Members in the same proportion as each Member's (or former Member's) total contributions paid by that Member, reduced by the amount of Losses and allocated Claims expenses paid on behalf of that Member, bear to all contributions paid by all Members, reduced by the total Losses and allocated Claims expenses paid on behalf of all Members from the inception of the LiCON Plan to its termination. If LiCON insures or reinsures all outstanding liabilities of Members, any funds remaining in excess of amounts necessary to pay the cost of such insurance or reinsurance shall be distributed to Members in accordance with this Section, not later than twelve (12) months after payment of the final insurance or reinsurance premium. If LiCON elects to liquidate the liabilities by means of a liquidation fund, any excess funds shall be distributed not later than twenty-five (25) years following the date of termination of a LiCON Plan.

5. **Termination of LiCON.** Upon the termination of LiCON, the Treasurer shall disburse any Funds not held by Fiduciary as directed by LiCON Council. LiCON Council is vested with all powers of LiCON for the purpose of winding up and dissolving the business affairs of LiCON.

XVI. CLAIMS, LITIGATION, OR JUDGMENTS AGAINST LiCON

1. **Defense of Claims.** As to any Claim or action against LiCON which is based on or arises out of an occurrence involving an officer or employee of LiCON during the course and in the scope of such duties, who is also an officer or employee of a Participant, such claim or action against LiCON will be defended by LiCON to the extent authorized by law. Such Claims or actions shall not be considered Claims or actions against such Participant.

2. **Claims and Judgments Against LiCON.** Claims and judgments against a LiCON Plan, LiCON, its agents, LiCON Council members, officers or employees, shall be paid from, or charged to, the appropriate coverages or self-insured funds of LiCON.

XVII. MISCELLANEOUS

1. **Binding Nature.** This Agreement contains the entire agreement of the parties and supersedes all discussions, negotiations or promises made prior to the execution of this Agreement. This Agreement shall be binding upon and inure to the benefit of the original parties hereto and any substitute or additional parties who are bound hereby in accordance with the provisions hereof, their successors and assigns.

2. **Notices.** Any notices required by law or this Agreement shall be sufficient if given in writing and deposited in the United States mail, postage paid, addressed to the Member or Participant at the last address on file with LiCON. Notices to be given to LiCON shall be directed to such address as LiCON shall designate for such purpose.

3. **Partial Invalidity.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement shall to any extent be judged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

4. **Successors.** This Agreement shall be binding upon and shall inure to the benefit of successors of the parties.

5. **Assignment.** LiCON expressly reserves the right to assign its interests in LiCON, including all powers, duties, and authority therein, to such entity as may be approved for such assignment by LiCON Council and authorized by Nevada Law.

No Member or Participant may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member or Participant shall have any right, claim or title to any part, share, interest, fund contribution, premium or asset of LiCON.

6. **Counterparts.** This Agreement may be executed in one or more counterparts, and shall be deemed effective as to all signatories as though signed in one document.

XVIII. GOVERNING LAW

1. **Governing Law.** The construction and validity of this Agreement shall be governed by the laws of the State of Nevada.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper officers thereunto duly authorized, as of _____, 2019.

By: _____

Its: _____
"MEMBER"

Amended: November 13, 2019