

# **AGREEMENT AND BYLAWS OF THE MINNESOTA ASSOCIATION OF TOWNSHIPS INSURANCE AND BOND TRUST**

The Minnesota Association of Townships hereby provides for the establishment of a joint powers entity known as the Minnesota Association of Townships Insurance and Bond Trust (“MATIT”) to provide Insurance and Risk Management Programs to further its efforts to provide a broad range of services to Minnesota Townships. MATIT is a self-insurance entity created pursuant to Minn. Stat. § 471.59 and under authority of Minn. Stat. §§ 471.98-.982, allowing political subdivisions to self-insure through the use of pools. MATIT will establish more than one self-insurance pools and programs, each of which shall be held, administered and funded as a separate and distinct such pool or program. Pursuant to Minn. Stat. § 471.59, the Participating Members, by action of their respective governing bodies in passing a resolution to participate in the Trust, agree as follows:

## **ARTICLE I Name**

Section 1.1. Name. The name of the joint powers entity hereby created is the Minnesota Association of Townships Insurance and Bond Trust (also known as “MATIT” and referred to herein as “Trust”).

## **ARTICLE II Purpose**

Section 2.1. Purpose. The purpose of the Trust is to provide Insurance Programs and Risk Management Programs to its Members, their officers and employees, and to effectuate cost savings in procuring, providing, and administering such Programs. The Trust may provide any form of insurance coverages permitted a group insurance or self-insurance provider under law and any risk management programs deemed beneficial to the furtherance of the Trust and its Insurance Programs. Any other Minnesota Association of Townships insurance program or trust may be merged or otherwise consolidated into the Trust upon the mutual agreement of the respective decision making bodies and with the consent of the Board of Directors.

## **ARTICLE III Definitions**

Section 3.1. Agreement. “Agreement” means the terms, conditions, and other statements in this instrument including any amendments thereto. This instrument also constitutes the bylaws of the Trust and references to Agreement are to both the Agreement and Bylaws unless the context indicates otherwise. References to consent to (or consent to be bound to) or compliance with this Agreement includes a requirement of consent to or compliance with applicable Program Rules, and/or any other applicable rules or regulations the Trustees may adopt, including any amendments thereto.

Section 3.2. Association. “Association” means the Minnesota Association of Townships.

Section 3.3. Board of Directors. “Board of Directors” means the Board of Directors of the Minnesota Association of Townships.

Section 3.4. Board of Trustees. “Board of Trustees” means the Board of Trustees of the Minnesota Association of Townships Insurance and Bond Trust as constituted herein.

Section 3.5. Contribution. “Contribution” means the amounts a Participating Member is required to pay to participate in the Trust and any of its Insurance Programs or Risk Management Programs, including such amounts as the Trustees shall require for the administration of the Trust and its Programs. The Contribution for participation in a Risk Management Program may include a service charge or other fee for service arrangement based upon rates established or approved by the Trustees.

Section 3.6. Employee. “Employee” means an eligible employee of a Participating Member of the Trust.

Section 3.7. Fund Account and General Account. “Fund Account” means the separate account established for each Insurance Program and Risk Management Program provided by the Trust. Each account shall include: (a) Contributions received from those Participating Members which participate in the Program in respect of which the Fund Account is established, as the Trustees may from time to time determine; (b) interest, income or return on such Contributions and/or such Fund Account; (c) premiums, assessments, penalties, refunds and all other sums payable to the Trust on account of the Program; and (d) any other property or money of any kind or character received and held by the Trust from any source for the Program.

A General Account shall also be established for the Trust to pay any General Expenses of the Trust that are not attributable to a particular Program.

Section 3.8. Fund Year. “Fund Year” means the Trust’s fiscal year.

Section 3.9. General Expenses. “General Expenses” are costs and expenses of the Trust and its administration, which are not Program Expenses.

Section 3.10. Insurance Program. “Insurance Program” means a self-insurance pool (as permitted by Minn. Stat. § 471.981, Subd. 3, or other applicable law) established by or provided through the Trust to offer any of a number of insurance, risk sharing, or risk transfer arrangements to reduce costs and to reimburse for losses in the areas including, but not limited to, property, liability, public officials errors & omissions, professional liability, and any other insurance coverage or arrangement permitted to or for such a self-insurance pool.

Section 3.11. Officers. “Officers” mean duly elected or appointed township officers.

Section 3.12. Participating Member (or Member). “Participating Member” (or “Member”) means the Minnesota Association of Townships, any Minnesota township that is a paid-up member of the Minnesota Association of Townships, and any instrumentality of one or more member townships having independent policy-making authority; who, by passing a resolution to participate in the Trust, has satisfied such membership requirements as determined by the Trustees; consents to be bound to this Agreement; and has been approved for membership by the Trustees. Depending on the context, references to members may be to all those participating in the Trust, or to those Members

participating in a particular Insurance Program or Risk Management Program (as in a reference to a “Program Member”).

Section 3.13. Program. “Program” means an Insurance Program, a Risk Management Program, or both, provided by or made available through the Trust.

Section 3.14. Program Expense(s). “Program Expenses” are costs and expenses, including but not limited to covered losses, loss adjustment and other loss-related expenses, refunds of Contributions (if ever any are to be made), and all other expenses of any kind, which the Trustees determine to be chargeable or attributable to a Program.

Section 3.15. Program Rules. “Program Rules” mean rules and regulations developed and adopted by the Trustees, as from time to time amended by the Trustees, with respect to a particular Program. Any rules or regulations, including eligibility or other conditions to participation in a Program, and coverage or other limits or conditions, that are included in any certificate of self-insured coverage or other instrument or document issued by the Trust in respect of a Program shall be considered Program Rules.

Section 3.16. Report. “Report” means the documents and any other information a Participating Member may be required to provide the Trust to apply for or continue participating in a Program.

Section 3.17. Risk Management Program. “Risk Management Program” means a program established by, or provided through, the Trust to offer assistance and services to Participating Members on loss prevention and control.

Section 3.18. Service Company. “Service Company” means an entity hired to provide, or assist in providing, services to the Trust or any of its Programs.

Section 3.19. Trust or MATIT. “Trust” or “MATIT” means the Minnesota Association of Townships Insurance and Bond Trust established pursuant to Minn. Stat. §§ 471.59 & 471. 98-982 to provide a wide range of Insurance and Risk Management Programs to its Participating Members. Reference to actions of the Trust includes actions by the Trust’s designated agents.

Section 3.20. Trustees. “Trustees” means the Trustees designated pursuant to Article V. When referred to collectively, the term Trustees may mean, depending on the context, the Board of Trustees.

#### **ARTICLE IV Establishment of the Trust**

Section 4.1. Establishment of Insurance Trust. Effective as of the date of the signing of this Agreement, there is hereby established the Minnesota Association of Townships Insurance and Bond Trust for the purposes described herein in Article II. The Trust shall be managed and operated according to the sole discretion of the Board of Trustees, subject only to the limitations set forth herein and those imposed by law.

The Trust is established for the exclusive benefit of its Participating Members and under no circumstances shall the Participating Members have any right, title, interest, claim, or demand

whatsoever in or to the Trust or Trust assets except to require the proper applications thereof and accounting therefore by the Trustees.

Section 4.2. Principal Offices. The principal offices of the MATIT shall be at 805 Central Avenue East, P.O. Box 267, St. Michael, MN 55376, or at such other location as the Board of Trustees shall designate.

Section 4.3. Fund Accounts. The Board of Trustees shall establish a separate General Account for the Trust, and a separate Fund Account for each Insurance Program established under the Trust. A separate Fund Account need not be established for a Risk Management Program unless it is established and operated independently from an Insurance Program. The Trustees shall receive all Contributions to the Trust and are vested with all right, title, and interest in and to the Trust for the uses, purposes, and duties set forth herein.

All Contributions and other monies received for a particular Program shall be applied to its corresponding Fund Account; however, if the Trustees have designated a portion of each Contribution for the General Account, or otherwise to defray General Expenses, the Trustees may apply that portion of a Contribution to the General Account. The Trustees shall have the exclusive authority and discretion to manage and control all assets of the Trust and may use assets of a Fund Account to pay Program Expenses of the Program in respect of which the Fund Account was established and maintained.

The Trustees may assess any amount on account of General Expenses against all Fund Accounts, in such proportions as the Trustees from time to time determine. The Trustees may assess expenses that benefit two or more, but fewer than all, Programs against the Fund Accounts of the benefiting Programs, in such proportions as the Trustees from time to time determine. The General Account is entitled to be reimbursed for all Program Expenses advanced from it, or otherwise charged to or paid from it, that the Trustees determine to be Program Expenses, from that Program's Fund Account.

Generally, except as the Trustees may in their sole discretion determine, Program Expenses shall be charged to and borne solely by that Program's Fund Account. Except either: (a) as an advance, which may be made or withheld in the sole discretion of the Trustees; or (b) as an extraordinary payment, which may be made or withheld in the sole discretion of the Trustees. Assets of the General Account shall not be used or liable to pay any Program Expenses. Except as otherwise determined by the Trustees in their sole discretion, assets of a Fund Account shall not be used or liable to pay Program Expenses of a Program other than the Program in respect of which the Fund Account was established and maintained.

## **ARTICLE V**

### **Board of Trustees**

Section 5.1. Composition. The Board of Trustees shall be composed of five members who must be township officers in the State of Minnesota. Two Trustees shall be appointed by the Board of Directors and the other Trustees shall be the present President, Secretary, and Treasurer of the Board of Directors. The President, Secretary, and Treasurer of the Board of Directors shall occupy the positions of Chairperson, Secretary, and Treasurer of the Trust. The functions, duties, and responsibilities of such positions shall be those commonly denoted to Chairperson, Secretary, and Treasurer. The name of the MATIT may be used to designate the Trustees collectively, and all

instruments may be effected in the name of the MATIT upon the joint signature of the Chairperson and Secretary.

Section 5.2. Terms. The two Trustees appointed by the Board of Directors shall serve for a term of two (2) years except the first Board of Trustees shall include one such Trustee appointed for one year and one Trustee appointed for two (2) years; thereafter each appointed Trustee shall be appointed for a term of two (2) years and shall serve until his or her successor is named and qualified to serve on the Board of Trustees. The terms of those serving as Chairperson, Secretary, and Treasurer shall be coterminous with their terms of office in their corresponding positions of President, Secretary, and Treasurer on the Board of Directors. Entering into the office of Trustee shall constitute execution of this Agreement and acceptance of the Trust and the office of Trustee.

Section 5.3. Removal of a Trustee. The Board of Directors may remove Trustees at any time for inefficiency, neglect of duty, or malfeasance in office. Such removal shall become effective immediately upon written notice thereof being furnished to the Chairperson and the Secretary of the Board of Trustees.

Section 5.4. Resignation of a Trustee. Any Trustee may resign at any time by giving thirty (30) days written notice thereof to the Chairperson and Secretary of the Board of Trustees.

Section 5.5. Vacancies. Following the completion of each term, or in the event of death, incapacity, resignation, or removal of an appointed Trustee, the Board of Directors shall promptly appoint a successor Trustee. A Trustee appointed to fill a vacancy shall serve for the remainder of the term. No vacancy or vacancies in the office of Trustee shall impair the power of the remaining Trustees acting in the manner herein provided to administer the affairs of the Trust. Any successor Trustee appointed in accordance with the provisions hereof, shall, upon acceptance in writing of this Trust, be vested with all the property, rights, powers, duties, and immunities of his or her predecessors. Any Trustee who resigns or is removed from office shall forthwith turn over to the Chairperson, Secretary, or designated individual, at the principal office of the Trust, any and all records, books, documents, monies and, other property in his or her possession or under his or her control which belong to the Trust or which were received in his or her capacity as such Trustee.

Section 5.6. Compensation. A Trustee shall be reimbursed from the Trust for all reasonable and necessary expenses actually incurred by him or her, including but not limited to: meals, lodging, and travel expenses to and from Trustee meeting. Such reimbursable expenses shall first have been authorized by resolution of the Board of Trustees adopted at any meeting of the Trustees, and approved by the Board of Directors, prior to incurring any such expense. Reimbursement shall be conditioned upon submission of a claim form with appropriate substantiation and per any other specific rules as may be adopted by the Trustees.

Section 5.7. Indemnification. A Trustee shall be entitled to indemnification in accordance with Minn. Stat. § 317A.521, and any successor to that statute, as if the Trust was a “corporation” within the meaning of that statute and as if a Trustee was a “director” within the meaning of that statute.

**ARTICLE VI**  
**Powers and Duties of Trustees**

Section 6.1. Expressed and Implied Powers. The Trustees shall be empowered to manage the affairs of the Trust and to do all things reasonable and necessary to further the purposes of the Trust and to discharge their obligations as Trustees hereunder. They shall carry out their duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity would use under conditions prevailing at the time. The powers of the Trustees shall include, but not be limited to, the power to:

- (a) Negotiate and enter into contracts, leases and other agreements; purchase, lease, or otherwise acquire real or personal property, including options to purchase the same; hold, manage, and control real or personal property; sell, lease, convey, or otherwise dispose of real or personal property, and grant an option for any of the same;
- (b) Otherwise invest and reinvest Trust assets in any property or any undivided interest in the property. These investments include but are not limited to bonds, debentures, secured or unsecured notes, preferred or common stocks of corporations, mutual funds, real estate or real estate improvements or interests, wherever located, oil and mineral leases, royalty or similar interests, and interests in trusts, including investment trusts and common trust funds. These investments may be made without regard to diversification;
- (c) Employ personnel, either as employees or by contract; employ any professional consultants such as attorneys, auditors, accountants, risk managers, actuaries, and others deemed necessary for the appropriate management and operation of the Trust;
- (d) Develop and adopt such Program Rules and/or other rules and regulations regarding participation in and operation of the Trust and any of its Programs as the Trustees may determine;
- (e) Subject to Section 11.1, amend this Agreement (including this Article VI, even though by doing so the Trustees extend to themselves further powers); and amend any Program Rules and/or other rules and regulations developed and adopted by the Trustees (as provided above), and other Trust documents and to bind all Participating Members, or other persons or entities claiming an interest in the Trust, to such amendments. Amendments to the Agreement and Bylaws must be approved by the Board of Directors, as further provided in Section 11.1;
- (f) Provide for the creation and operation of Insurance Programs and Risk Management Programs, including the establishment of eligibility and other membership requirements; Contribution requirements; determine the scope, conditions, and limitations of the insurance coverages provided, including any rider, endorsement, or amendment made a part of an Insurance Program; determine the type and extent of risk management services provided; contract with or make such other arrangements with insurance carriers and agents as the Trustees may determine are beneficial to provide insurance coverages and services, or risk management services; authorize the charging of administrative fees and other fees as General Expenses or as Program Expenses; to pay benefits and losses incurred through any Insurance

Program authorized hereunder from that Program's Fund Account, under the terms and conditions of the particular Program;

- (g) To receive and accept or reject applications for membership in the Trust and any of its Programs and to investigate and pass upon the desirability of the risks involved in the applications for insurance;
- (h) To underwrite, classify, rate and issue certificate and binders of self-insurance and Trust or Program participation in accordance with sound practices and such policies and standards as may be established from time to time by the Trustees;
- (i) Demand, collect, receive, hold, and administer Contributions from Participating Members and other monies due and payable to the Trust; pay or provide for payment of all reasonable and necessary expenses of the Trust and its Programs, including expenses for collecting amounts due from Participating Members and administering the affairs of the Trust; designate depository banks and deposit Trust funds therein; establish and accumulate such reserve funds as the Trustees may deem necessary or desirable for the proper and safe administration of the Trust and to invest and reinvest said reserves or a portion thereof; and keep such portion of the Trust's assets in cash or cash balances as the Trustees may, from time to time, deem to be in the best interests of the Trusts without liability for the payment of interest thereon;
- (j) To pay out of a Fund Account all expenses and disbursements of every kind and character incident to the administration and self-insurance or other program and purpose of the Program in respect of which the Fund Account was established and is maintained, including but not limited to the costs of securing, issuing, exchanging and administering contracts of indemnity, insurance or reinsurance, the cost of reinsurance, collection expenses, investment expenses, losses, damages, judgments, court costs, legal expenses, loss adjustment expenses, license fees, taxes, inspection expenses and expenses of meetings, audits, examinations, rating bureaus, insurance trade and service organizations, bond, the fees of any third party administrator who provides management services to or for the benefit of the Program, and any and all other costs that are ordinary and necessary, appropriate or helpful to the administration of the Program; and to determine and establish reserves within and of funds of the Program for or on account of any or all of the foregoing, at levels and to the extent determined by the Trustees;
- (k) To establish and maintain for, and as the property of, the Trust all financial and business records required by law and by sound and accepted self-insurance and business practices, in accordance with such standards as may be adopted by the Trustees; and to prepare for the Trust all reports required by governmental and nongovernmental regulatory and supervisory authorities, and all reports which may be required from time to time by the Trustees;
- (l) To procure such reinsurance, treaty or facultative, required by law or by sound and accepted self-insurance and business practices; to keep the necessary records for, and as the property of, the Trust in connection with such reinsurance;
- (m) To provide and equip appropriate and adequate offices, and to furnish all office machines and equipment, including data processing hardware and software, for the conduct of functions required to be performed by the Trust;

- (n) To provide and maintain adequate claims supervision and facilities for the handling of all claims against the Trust and for the payment thereof on behalf of the Trust, and to employ claims adjusters, attorneys, and other professionals to handle individual claims on behalf of and at the expense of the Trust;
- (o) To acknowledge or contest any claim that may be made on account of a pooled self-insurance commitment of a Program or reinsurance, to retain legal counsel, and to defend, compromise or settle any suit or proceeding that may be brought on account of such commitment(s) or reinsurance, or enter into such other arrangements as shall in the judgment of the Trustees be expedient to prevent a multiplicity of suits or to minimize expenses;
- (p) To appoint agents or producers on behalf of the Trust and to pay to them from the funds of the Trust appropriate commissions for their services, in such amount as shall be determined from time to time by the Trustees;
- (q) To maintain a complete and current record of all Participating Members, including the effective date of coverage for such Participating Member;
- (r) To enter into one or more contracts with a Service Company, identified by the Trustees, under which contracts certain of the above powers shall be exercised by such Service Company;
- (s) Appoint a financial administrator to manage, acquire, or dispose of any assets of the Trust, and to enter into and execute an agreement with said financial administrator to provide for the investment or reinvestment of the Trust's funds with such other provisions incorporated therein as may be deemed desirable in the Trustee; sole discretion for the proper management of the Trust, and upon such execution to convey and transfer to such financial administrator any part of the Trust's funds without limiting the powers which the Trustee may grant to such financial administrator in such agreement. A financial administrator is any fiduciary who has been designated by the Trustees to manage, acquire, or dispose of any assets of the Fund, and who has acknowledged in writing that he is fiduciary with respect to the Trust;
- (t) To enter into marketing agreements with one or more persons approved by the Trustees, under which agreement(s) marketing services can be performed;
- (u) To contract for and on behalf of the Trust for services other than those identified above, relating to the administration, management, and operation of the Trust. All such contracts shall be subject to approval by the Trustees;
- (v) Allocate fiduciary responsibilities among the Trustees and to designate persons other than Trustees to carry out fiduciary and other responsibilities and to exercise one or more (but not all) powers of the Trustees, subject to oversight by the Trustees; and allocate fiduciary responsibility to manage the assets of the Trust;
- (w) To commence and defend legal and administrative proceedings on behalf of the Trust, the cost of which shall be borne by the Trust;



- (x) Vote shares of stock or other securities held by the Trustees, in person or by general or limited proxy, and enter into voting trust agreements on terms and for periods the Trustees consider advisable;
- (y) Pay calls, assessments, and any other sums chargeable or accruing against or on account of shares of stock, bonds, debentures, or other corporate securities in the hands of the Trustees;
- (z) Sell or exercise stock subscription or conversion rights, participate in foreclosures, reorganizations, consolidations, mergers, or liquidations, and consent, directly or through a committee or other agent, to corporate sales, leases, and encumbrances. In the exercise of these powers the Trustees may, if the Trustees consider it expedient, deposit stocks, bonds, or other securities with a protective or other similar committee, on terms and conditions respecting the deposit that the trustees approve;
- (aa) Hold any asset in the name of a nominee or nominees, without disclosure of a fiduciary relationship;
- (ab) Borrow money and mortgage or otherwise encumber or pledge Trust assets in connection with the exercise of a power vested in the Trustees;
- (ac) Release, in whole or in part, a claim or lien belonging to the Trust; and
- (ad) Do all things, execute all instruments and enter into all agreements and transactions as are reasonable, desirable, or necessary to execute the specific powers set forth herein and to facilitate the general purposes of this Trust and each of its Programs.

Section 6.2. Standard of Conduct; Personal Liability. Each Trustee shall discharge the duties of the position of Trustee in good faith, in a manner the Trustee reasonably believes to be in the best interests of the Trust, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A Trustee who so performs the duties of Trustee under this Agreement is not liable by reason of being or having been a Trustee. Without limiting the foregoing, the standard of conduct expressed above shall govern not only actions of the Trustees in respect of the management and operation of the Trust and its programs, but also in respect of the investment of Trust assets, instead of any more stringent standard of conduct that may otherwise apply to trustees.

Trustee is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- 1) One or more employees, agents or other representatives of the Trustees, whom the Trustee reasonably believes to be reliable and competent in the matter as presented;
- 2) Service Company employees, counsel, public accountants, or other persons, including risk managers, actuaries, financial administrators, investment manager and others, as to matters that the Trustee reasonably believes are within the person's professional or expert competence; or
- 3) Any Trustee, or other person, whom the Trustees have designated to carry out fiduciary and other responsibilities and to execute one or more powers of the Trustees.

The foregoing does not apply to a Trustee who has actual knowledge concerning the matter in question that makes reliance that is otherwise permitted by the preceding sentence unwarranted.

If an investment manager(s) has been appointed in accordance with the terms of this Agreement, no Trustee shall be liable for the acts or omissions of such investment manager or managers or be under any obligation to invest or otherwise manage any asset of the Trust that is subject to the management of such investment manager.

The Trustees shall be fully protected in acting upon any instrument, certificate, or paper believed by them to be genuine and to be signed or presented by the proper person or persons and shall be under no duty to make any investigation or inquiry as to any statement contained in any such writing, but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained. They shall not be liable for any mistake of judgment or other action made, taken, or omitted by them in good faith, nor for any action or omission of any agent, employee, attorney, or other consultant selected with reasonable care. No Trustee shall be liable for any action taken or omission committed by any other Trustees. Trustees shall not be required to give bond or other security to guarantee the faithful performance of their duties hereunder. A surety bond may be required for those parties or persons receiving and disbursing funds of the Trust.

As permitted by law, Trustees shall not be liable for any act pursuant to this Trust in good faith taken or omitted, or for the act or omission of any agent, employee, or attorney selected with reasonable care, or for any act or omission of any other Trustee, but a Trustee shall be liable only for his or her own gross negligence or willful misconduct. No Participating Member shall have any liability for the acts of the Trustees.

Section 6.3. Insurance. The Trustees may purchase insurance policies, including fidelity and/or surety bond coverage, covering the Trust, any of its Programs, Trustees, employees, and other persons at such times and in such forms and amounts and with such provisions, conditions and limitations as the Trustees deem necessary or desirable to best effectuate the purpose of this Trust. The policies may be issued in the name of the Trust and the Trustees may exercise all rights and privileges granted to the policyholder and may agree with the insurer on any alterations, modifications, or amendments of the policy.

## **ARTICLE VII**

### **Meetings**

Section 7.1. Calling, Frequency, and Conducting. The Trustees shall meet at least four times annually and otherwise as needed to conduct the business of the Trust. Meetings of the Trustees may be called by the Chairperson or by any three of the five Trustees. A good faith effort must be made to provide at least three (3) days' notice to all Trustees of all meetings of the Board of Trustees.

The Chairperson shall be responsible for the conduct of meetings of Trustees. The Secretary shall record minutes of all meetings, proceedings, and acts of the Trustees. The Secretary shall provide for the keeping of all meeting minutes and all other official records of the Trust. All records of the Trust shall be made reasonably available to any Trustee upon request.

The Trustees may adopt such rules of parliamentary procedure for conducting their meetings and the annual meeting as they deem appropriate. Three Trustees shall constitute a quorum for the

transaction of any of the business of the Trust. Any action by the Trustees may be taken at a meeting they attend in person, a meeting held via conference telephone or other technological means, or in writing without a meeting. Unless otherwise provided herein, all decisions of the Trustees shall be made by majority vote of the Trustees present at the meeting at which such vote is taken. A four-fifths vote shall be required for actions taken without a meeting.

Section 7.2. Annual Meeting. An annual meeting of the Board may be held for the purpose of reviewing the affairs of the Trust, its Programs, and Fund Accounts. The date and place of the meeting shall be determined by the Trustees and may be held in conjunction with a regular meeting of the Trustees. At the annual meeting, the Trustees may discuss any business of the Trust including, but not limited to, the review of outside contracts, the performance of any contractors or service companies, experience of Participating Members, Insurance Programs and coverages, Risk Management Programs and goals, expulsion of any Participating Members, and the need for Contribution changes or the imposition of an assessment.

## **ARTICLE VIII Fiscal Year and Accounting**

Section 8.1. Fiscal Year. The fiscal year of the Trust shall be from July 1 through June 30 of each year.

Section 8.2. Accounting. The Trustees shall furnish to the Board of Directors an accounting of any and all monies and Account Funds managed by the Trust, including a detailed accounting of the income and expenses incurred by the Trust and each of its Programs. Such accounting shall be provided on an annual basis and at such other times as may be requested by the Board of Directors. This information shall also be made reasonably available to Participating Members upon request.

## **ARTICLE IX Membership**

Section 9.1. Eligibility. Programs are open for enrollment on a Minnesota-statewide basis by the Association and by Minnesota townships that are members of the Association. The Association and all of its members are eligible to apply for and become Participating Members of the Trust and any Program. An instrumentality that has independent policy-making authority created by one or more townships that are Participating Members may apply for membership in the Trust and any Program, subject to Program Rules. The Trustees may impose membership qualifications for all potential members including, but not limited to, the payment of an initiation fee or other payment. Membership is not complete until and unless the applicant has passed and provided the Trustees a copy of a "Joint Powers Agreement" determining to participate in the Trust in the form prescribed by the Trustees. To seek participation in a specific Program, that Participating Member must submit a completed application for that Program and provide such other information as the Trustees may determine. A Participating Member who is accepted for participation in a Program shall thereafter make payments on such dates and in such amounts as required for providing the insurance, risk management, or other services under each Program in which the Member participates, provide Reports and other information on such dates as the Trustees may require, and comply with this Agreement, applicable Program Rules, and any other applicable rules and regulations developed and adopted by the Trustees.

Section 9.2. Minimum Period of Membership. A Participating Member enrolling in any Insurance Program of the Trust shall remain a member of the Program for at least one year, or one full policy period, which may or may not coincide with the date of enrollment in the Program, whichever is longer.

Section 9.3. Interest of Members and Others. The rights and interests of persons insured and persons claiming by or through them shall be limited to the insurance benefits specified in the policies or certificates of the particular Insurance Program, payable solely from the Fund Account established and maintained in respect of that particular Insurance Program. Participating Members, persons insured, or persons claiming by or through an insured person by reason of having been named a beneficiary for insurance benefits or otherwise, shall not have any claim against other funds or property of the Trust or its other Programs.

Section 9.4. Interest of Others. No person or other claimant shall have any claim against the Trust as a whole but shall make any claim only against the appropriate Insurance Program and its separate Fund Account.

Section 9.5. Expulsion of a Member. A Participating Member shall cease to qualify for participation in the Trust and any of its Programs, and shall be expelled, if the Member: (a) ceases to be a member of the Association, (b) remains delinquent in making a Contribution or filing a Report, as more specifically provided in Section 10.7, or (c) fails to comply with the provisions of this Agreement, or any applicable Program Rules. A Member ceasing to qualify for participation in the Trust or its Programs shall be expelled from membership in the Trust and all of its Programs, which shall be effective upon the mailing of the statement of expulsion to the Member.

Determinations of the Trustees regarding qualification and loss of membership shall be conclusive. A determination by the Trustees to waive a particular delinquency in making a Contribution or filing a Report, or a particular failure to comply with provisions of this Agreement or any applicable Program Rules, shall not constitute a waiver of any other delinquency or failure, whether by the same Participating Member or another, and whether the circumstances of such other delinquency or failure are the same, or different.

A Participating Member that is expelled shall remain jointly and severally liable for all debts, obligations, and liabilities that were incurred by the Trust on the expelled Member's behalf, and/or by each Program in which the expelled Member participated during the term of its membership. Without limiting the foregoing, a Participating Member that is expelled also shall remain liable for any assessments made by the Trustees, to the extent the Trustees in their discretion determine that the assessment relates or is otherwise attributable to any period of participation by the expelled Member.

Section 9.6. Withdrawal from a Program. A Program Member may withdraw from a Program upon giving not less than thirty (30) days' written notice of withdrawal to the Trustees and complying with any other withdrawal rules and regulations as may be established by the Trustees.

A Program Member will not be allowed to renew participation in a Program for two (2) years following the effective date of withdrawal from that Program; however, the Trustees, at their sole discretion, may allow renewed participation within the two (2) year period.

The withdrawal of a Program Member shall not affect the continuation of the Program by the Trust, with the remaining Program Members. A Participating Member that withdraws from a Program shall

remain jointly and severally liable for all the debts, obligations, and liabilities that were incurred by the Trust on behalf of the withdrawing Member, or by the Program from which the Member withdraws during the term of the withdrawing Member's membership in that Program. Without limiting the foregoing, a Program Member who has withdrawn from a Program shall remain liable for any assessments made by the Trustees with respect to that Program, to the extent the Trustees in their discretion determine that the assessment relates to or is otherwise attributable to any period of participation by the withdrawn Program Member. A withdrawing Participating Member may be entitled to a share of the assets of the Program only if deemed appropriate and in the amount determined in the sole discretion of the Trustees.

Section 9.7. Withdrawal from the Trust. A Participating Member may withdraw from this Trust upon giving not less than ninety (90) days' written notice to the Trustees. A withdrawal from the Trust constitutes withdrawal from each and every Program in which the participating Member participated prior to withdrawal. The withdrawal of a Participating Member shall not affect the continuation of the Trust by the remaining Participating Members. A Participating Member that withdraws shall remain jointly and severally liable for all the debts, obligations, and liabilities that were incurred by the Trust on behalf of the withdrawing Member, or by every Program in which the withdrawing Member participated (prior to withdrawal) during the term of the withdrawing Member's membership in those Programs. Without limiting the foregoing, a Participating Member which has withdrawn from the Trust remains liable for any assessments made by the Trustees, to the extent the Trustees in their discretion determine that the assessment relates or is otherwise attributable to any one or more Programs in which the withdrawn Member participated, and to any period of participation by the withdrawn Member. A withdrawing Participating Member may be entitled to a share of the assets of the Trust, and of any one or more Programs in which it participated, only if deemed appropriate and in the amount determined in the sole discretion of the Trustees.

## **ARTICLE X Contributions**

Section 10.1. Contribution Amounts. Contribution payments to participate and continue in any of the Insurance Programs or Risk Management Programs offered through the Trust shall be made in such amounts as determined by the Trustees and in accordance with the terms of this Agreement and the applicable Program Rules. Contribution due dates and collection procedures shall be determined by the Trustees and communicated to Members.

Section 10.2. Limitation of Rights. Except as otherwise provided in this Agreement or applicable Program Rules, or by applicable law, no Trustee, Participating Member, Employee, officer or other representative of a Participating Member, Program claimant, or other person, shall:

- (a) have any right, title or interest in the Trust or any of its funds (including but not limited to the General Account or any Fund Account),
- (b) have the option to receive any part of any Contributions to the Trust in lieu of amounts otherwise payable to such person; or
- (c) in any manner be liable for or subject to the debts, contracts, or liabilities of any other Trustee, other Participating Member, other Employee, or other officer or other representative of a Member.

No part of the Trust or any of its funds (including but not limited to the General Account or any Fund Account), nor any payments made from any Trust funds (on account of any covered loss or otherwise), shall be subject in any manner to sale, transfer, assignment, pledge, encumbrance or charge, except only as otherwise provided in this Agreement, applicable Program Rules, or applicable law.

Section 10.3. Liability. No Participating Member, or Member officer or Employee, nor the Association, shall be liable for or subject to any debts, contracts or liabilities of any Program, provided that if an assessment for a Program is required, the Trustees shall determine a fair and equitable way to pro-rate and collect such assessment and the Participating Members of that Program (including former Participating Members who have been expelled or have withdrawn) shall be liable therefore.

Section 10.4. Surplus Assets. If assets in any Fund Account are determined by the Trustees to be more than sufficient to meet liabilities of the Program in respect of which the Fund Account was established and is maintained, and maintain prudent reserves, such surplus assets may be returned to Members who participate in that Program (including former Participating Members who have been expelled or have withdrawn), or credited toward future annual payments. Return of assets under this Section 10.4 shall be in proportion to Contributions provided that Contributions prior to the last date as of which the Fund account balance was zero, or a deficit, need not be taken into account, and provided further that the Trustees may establish a reasonable time, as to any Program, before which Contributions will not be taken into account for purposes of determining participation in any subsequent return of assets under this Section 10.4.

Section 10.5. Deficits. In the event of a deficit in any Fund Account, such deficit shall be paid up immediately, either from surplus from a fund year other than the current fund year, by assessment of the Participating Members in the Program in respect of which the Fund Account was established and is maintained (including former Participating Members who have been expelled or have withdrawn), or otherwise as determined by the Trustees.

Section 10.6. Assessments. The amount of any liabilities in excess of assets in any Fund Account shall be assessed in a form, manner, and amount as determined by the Trustees. The Trustees may, at their discretion, determine that an assessment is necessary to ensure the financial integrity of a Fund Account, to operate and maintain a Program, or to carry out other purposes of the Trust.

Without limiting the foregoing or any other provision of this Agreement, the Trustees may, at their discretion, determine to make an assessment upon or in connection with the expulsion or withdrawal of any Participating Member, from a Fund or from the Trust, which may be an assessment against the expelled, withdrawing, or withdrawn Member as well as other then-Participating Members. Any assessment may be made based upon estimates by the Trustees with respect to known and unknown claims against a Fund, known and unknown loss adjustments, loss adjustment expenses, and other expenses that may be charged against a Fund, and/or anticipated investment experience on Fund reserves.

Assessments shall be in a form, manner, and amount determined by the Trustees, and may, as more particularly provided in Sections 9.5, 9.6 and 9.7 of this Agreement, and above, be made and enforced against an expelled or withdrawn Member.

Section 10.7. Delinquencies. A Contribution, Report, or both for any Contribution or Reporting period shall be delinquent if not received by the Trust by the due date and at the place designated by the Trustees. Any Participating Member who is delinquent shall be liable as provided herein. The Trustees or their authorized agents shall have access to the records of any Participating Member relating to participation in the Trust or any Program. A delinquency by one Participating Member shall not relieve any other Participating Member of its obligation to make Contributions or Reports to the Trust.

The Trustees shall have the power to demand, collect, and receive any Contribution, Report, or both on behalf of the Trust or any Program as follows:

- (a) In the event of delinquency as to any Contribution, the delinquent Participating Member shall be liable for, in addition to the full amount of all required Contributions, interest on such amount at 1.5% of the total amount of the amount due for each month of delinquency, or, if less, the highest rate of interest permitted by law, plus the amount of damage to the Trust resulting from such delinquency, including (without limiting the generality of the foregoing) the actual cost of all investigations, audits, attorneys' fees, filing, fees, costs, and expenses incurred by the Trust in connection with efforts to determine and collect any such delinquency.
- (b) The Trustees are empowered and authorized to take all actions that they, in their discretion, deem appropriate to enforce or protect any rights, demands, or claims on behalf of the Trustees or the Trust. Without limiting the generality of the immediately preceding sentence, the Trustees may take any of the following actions they deem to be in the best interest of the Trust: institute any suit or action in their capacities as Trustees of any state or federal court having jurisdiction; retain legal, accounting and other professional advisors with respect thereto; assign any claim or cause of action to any person or entity for purposes of collection or enforcement; compromise or settle any claim or demand, whether or not the subject of court proceedings, and give and receive appropriate releases in connection therewith; and waive all or any claims the Trust might have for damages upon their determination that good cause for such waiver exists.
- (c) The Trustees may, at reasonable times and during normal business hours, audit, or cause the audit or an inspection of the records of any Participating Member which may be pertinent in connection with Contributions, Reports, or both, and insofar as may be necessary to accomplish the purposes of this Agreement and/or applicable Program Rules. In the event such audit discloses that the Participating Member is in default in the payment of any portion of its Contributions to the Trust or any Program, or if such audit was made by reason of the failure to submit a Report as required by the Trustees, the Participating Member shall, upon demand, pay to the Trust the actual costs of such audit. If the Participating Member fails to honor such demand, the Participating Member shall then be liable for all costs, attorneys' fees, and any other expenses incurred in the collection thereof.
- (d) If a Participating Member remains delinquent in making a Contribution or filing a Report for a period of more than thirty (30) days from the specified due date, or loses good standing as a Participating Member of the Association, the Trustees may expel the Participating Member from participation in the Trust. Once expelled, a Participating Member may not be readmitted to participation without specific approval of the Trustees. The Trustees may, in their discretion, require as a condition to readmission, that the Participating Member pay any

outstanding amounts owed the Trust, post security, make advance payments, or provide additional Reports or information.

- (e) The rights and duties set forth in this section are cumulative to any other rights or duties that may exist from time to time, by contract or in law and in equity.

## **ARTICLE XI Amendment and Termination**

Section 11.1. Amendments. This Agreement may be amended from time to time by majority vote of the Trustees at any meeting and all Participating Members and other interested parties shall be bound thereby; provided, however, that no amendment shall be made unless approved by majority vote of the Board of Directors.

Section 11.2. Termination. This Agreement shall inure to the benefit and shall be binding upon the parties hereto, their successors and assignees, and shall continue in full force and effect in all of its terms and provisions until terminated by an instrument in writing executed by the Trustees and approved by the Board of Directors. Notice of termination shall be sent to each Participating Member. Upon the termination of this Agreement, funds remaining in the General Account, and in any Fund Account, may in the discretion of the Trustees be distributed: (a) to any legal entity or organization that will provide substantially the same services to the Participating Members (so long as rights of the Participating Members to participate in surplus are preserved); or (b) as provided in Section 10.4, as if all assets of every Fund Account were at the time of termination “surplus assets,” and after allocating surplus assets of the General Account (after such reserves for expenses of termination as the Trustees in their discretion determine to establish) to Fund Accounts, in such proportions as the Trustees may determine.

## **ARTICLE XII Disputes and Appeal Procedure**

Section 12.1. Disputes. If a dispute should arise relative to the Trust or any Program among the Participating Members, between one or more Participating Members and the Trust, or between one or more Participating Members and the Service Company or other Trust contractor, the Trustees shall decide the dispute in the first instance.

Section 12.2. Appeal. If a Participating Member who was party to the dispute is aggrieved by the determination of the Trustees, the Participating Member may appeal the Trustees’ decision to the Board of Directors by written notice of appeal that is delivered to the Board of Directors within sixty (60) days after written notice of the Trustees’ decision has been mailed to the Participating Member, at its last-known address as shown on the records of the Trust. The notice of appeal shall include a copy of the determination of the Trustees, and shall state all reasons the appellant believes the determination to be incorrect, with citations to all statutes, rules or provisions of this Agreement, of applicable Program Rules, and/or of any other applicable rules or regulations, on which appellant relies. The Board of Directors shall consider the appeal de novo and shall give the Participating Member its decision in the matter in writing, which shall set forth: the decision; the specific reason(s) for the decision; and the specific statutes, rules, or provisions of this Agreement, of the applicable Program Rules, and/or of any other applicable rules or regulations upon which the decision is based, if applicable.



The Board of Directors may specify any additional information or material that Board deems necessary or appropriate to its decision. The decision of the Board of Directors is final, conclusive and binding on the Trustees and the Participating Member(s) involved in the appeal.

### **ARTICLE XIII General Provisions**

Section 13.1. Severable. Should any provision in this Agreement, or any rule or regulation adopted by the Trustees (including any Program Rule), be deemed invalid or determined to be invalid by any authoritative body, such invalidity shall not affect any of the other provisions of this Agreement; providing that if such validity shall make impractical the further operation of the Trust, this Agreement shall be forthwith amended so as to provide for its effective continuance according to its general purposes.

Section 13.2. Words and Phrases. When used in this Agreement, any Program Rule, or any other rule or regulation adopted by the Trustees words in the masculine shall read as in the feminine, or neuter, and words in the singular shall be read as in the plural, in all cases where such construction would so apply.

Section 13.3. Applicable Law. The Agreement is executed and the Trust is accepted by the Trustees and the parties hereto in the State of Minnesota and questions pertaining to its validity, construction and administration shall be determined in accordance with the laws of the State of Minnesota.

Section 13.4. Headings. The captions or headings used in this Agreement, any Program Rule, or any rule or regulation adopted by the Trustees are for convenience only and in no way define, limit, or describe the scope or intent of any provision.

Section 13.5. Notice. Any notice required under this Agreement, any Program Rule, or any other rule and regulation adopted by the Trustees shall be deemed served upon the mailing of said notice to any officer of a Participating Member at the officer's last known address as shown in the records of the Trust.

As of the adoption of this Agreement by the Board of Directors of the Minnesota Association of Townships, attested to by the signatures of its President and Secretary, there is hereby created the Minnesota Association of Townships Insurance and Bond Trust.

This Agreement was approved and adopted on the 21<sup>st</sup> day of November, 2002.

By the Minnesota Association of Townships

/s/ Loren Ingebretsen

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MAT President

/s/ Nancy Barsness

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MAT Secretary

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## Amendments

Article II, Section 2.2 was amended as follows:

Section 2.1. Purpose. The purpose of the Trust is to provide Insurance Programs and Risk Management Programs to its Members, their officers and employees, and to effectuate cost savings in procuring, providing, and administering such Programs. The Trust may provide any form of insurance coverages permitted a group insurance or self-insurance provider under law and any risk management programs deemed beneficial to the furtherance of the Trust and its Insurance Programs. ~~Workers' Compensation coverage and benefits are excluded from this Trust and shall remain separately offered through the Minnesota Association of Townships Workers' Compensation Trust.~~ Any other Minnesota Association of Townships insurance program or trust may be merged or otherwise consolidated into the Trust upon the mutual agreement of the respective decision making bodies and with the consent of the Board of Directors.

*Adopted by MATIT Trust Board July 22, 2004*

*Approved by MAT Board of Directors July 23, 2004*

Article VIII, Section 8.1 was amended as follows:

Section 8.1 Fiscal Year. The fiscal year of the Trust shall be ~~from October 1 through September 30 of each year~~ as determined by resolution of the Trustees.

*Adopted by MATIT Trust Board February 13, 2007.*

*Approved by MAT Board of Directors December 15, 2011*

Article IX, Section 9.6 was amended as follows:

Section 9.6. Withdrawal from a Program. A Program Member may withdraw from a Program upon giving not less than thirty (30) days' written notice of withdrawal to the Trustees and complying with any other withdrawal rules and regulations as may be established by the Trustees.

A Program Member will not be allowed to renew participation in a Program for two (2) years following the effective date of withdrawal from that Program; however, the Trustees, at their sole discretion, may allow renewed participation within the two (2) year period.

The withdrawal of a Program Member shall not affect the continuation of the Program by the Trust, with the remaining Program Members. A Participating Member that withdraws from a Program shall remain jointly and severally liable for all the debts, obligations, and liabilities that were incurred by the Trust on behalf of the withdrawing Member, or by the Program from which the Member withdraws during the term of the withdrawing Member's membership in that Program. Without limiting the foregoing, a Program Member who has withdrawn from a Program shall remain liable for any assessments made by the Trustees with respect to that Program, to the extent the Trustees in their discretion determine that the assessment relates to or is otherwise attributable to any period of participation by the withdrawn Program Member. A withdrawing Participating Member may be entitled to a share of the assets of the Program only if deemed appropriate and in the amount determined in the sole discretion of the Trustees.

*Adopted by MATIT Trust Board November 17, 2010  
Approved by MAT Board of Directors December 15, 2011*