

EXHIBIT A
EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST
FUNDING AGREEMENT

(As amended and restated effective January 1, 1999)

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FUNDING AGREEMENT

(As amended and restated effective January 1, 1999)

This Funding Agreement is Exhibit A to the Declaration of Trust for the Egyptian Area Schools Employee Benefit Trust and is incorporated into the Trust by this reference.

The Funding Agreement establishes the obligations of the Participating Employers for making deposits to the Trust to fund the benefits provided through the Trust, and the obligations of a Participating Employer in the event of its termination by or withdrawal from the Trust.

The Funding Agreement was originally adopted effective January 1, 1984 and was thereafter amended and restated effective January 1, 1985 and again as of January 1, 1987.

The Managers now deem it advisable to make certain further amendments to the Funding Agreement, and to restate the Funding Agreement in its entirety by the adoption of this document.

NOW, THEREFORE, the Managers hereby amend and restate the Funding Agreement, effective January 1, 1999, to read in its entirety as follows:

1. DEFINITIONS

1.1 All words and terms defined in the Declaration of Trust, as amended from time to time, shall have the same meanings when used in this Funding Agreement.

1.2 The term “**Certified Claims**” shall mean the total amount of submitted claims for Plan benefits determined to be due and payable to or on behalf of Participants.

1.3 The term “**Incurred and Unreported Claims**” shall mean the amount determined from time to time by an independent actuary selected by the Managers to equal the value of benefits payable from the Trust under the Plan to or on behalf of Participants for covered expenses that have been incurred but for which no claim has been filed or for which a claim has been filed but not certified as of the date of determination.

1.4 The term “**Insurance Premiums**” shall mean premiums the Managers have agreed to pay to an insurance company for the insurance of benefits provided under the Trust.

1.5 The term “**Reserve for Incurred and Unreported Claims**” shall mean that portion of Trust assets that is reserved to satisfy the Trust’s liability for its Incurred and Unreported Claims.

1.6 The term “**Trust Expenses**” shall mean all fees and expenses incurred under the terms of the Trust by the Trustee, the Managers or any committee of the Managers in the administration of the Plan and the Trust.

2. DEPOSITS TO THE TRUST

2.1 **Contribution Rates.** At least annually, effective as of September 1 or as of such other date as the Managers shall decide from time to time, the Managers shall establish the contribution rates for single and family coverage. Such rates shall be determined giving due consideration to the opinion of an independent actuary selected by the Managers regarding the contributions necessary to maintain Trust assets at a level sufficient to make anticipated disbursements for Certified Claims, Insurance Premiums and Trust Expenses, and to maintain a satisfactory Reserve for Incurred and Unreported Claims, plus such additional amount of surplus as the Managers shall determine from time to time. In addition to such annual determination, the Managers, at their sole discretion, may make interim changes in the contribution rates effective as of the first day of any month.

2.2 **Participating Employer Contributions.** Each Participating Employer shall be charged a monthly contribution based on the number of such Participating Employer's employee and eligible dependent Participants and the single and family coverage contribution rates as determined pursuant to Section 2.1.

2.3 **Participant Contributions.** Each Participating Employer may, in its sole discretion, require its Participants to contribute toward the amount of the required contribution; provided, however, that any such contribution requirement shall be pursuant to uniform and nondiscriminatory rules established by the Participating Employer so that all of its Participants are treated similarly under similar circumstances. Each Participating Employer shall be responsible for withholding or collecting such Participant contributions as it may require, for maintaining accurate and complete records of all such contributions made by each of its Participants, and for depositing all such contributions along with the Participating Employer's contribution to the Trust.

2.4 **Time for Deposit and Late Payment Penalty.** Each Participating Employer shall be notified by the Contract Administrator on a monthly basis of its required contribution to the Trust. The amounts so required shall be deposited by the Participating Employers in monthly installments payable no later than the 5th day of each month. If a Participating Employer fails to pay its required contribution on a timely basis, the Managers shall have the right to impose and collect from the Participating Employer a late payment penalty. The amount of such penalty shall be based on the size of the delinquent payment and the period of delinquency, pursuant to uniform rules established by the Managers from time to time.

3. TERMINATION OR WITHDRAWAL FROM THE TRUST

3.1 **Voluntary Withdrawal.** Except as provided in this Section 3, a Participating Employer shall have no obligation to continue deposits to the Fund and may withdraw from participation in the Trust effective as of the last day of any month in accordance with the provisions of Section 14.2 of the Trust.

3.2 **Involuntary Termination.** The participation of a Participating Employer may be revoked by the Managers effective as of the last day of any month in accordance with the provisions of Section 14.3 of the Trust.

3.3 **Obligations on Withdrawal or Termination.** Any withdrawing or terminated Participating Employer shall promptly deposit to the Trust all contributions and any late payment penalties due and owing from such Participating Employer as of the effective date of such withdrawal or termination. In addition, if the withdrawal or termination occurs at a time when the provisions of Section 4 of this Agreement are in effect, such Participating Employer shall also deposit the withdrawal liability payment required under Section 4. No withdrawing or terminated Participating Employer shall have any right to or interest in any portion of the Trust's assets.

4. WITHDRAWAL LIABILITY

4.1 **Application.** The provisions of this Section 4 shall be effective only when and if at any time an independent actuary selected by the Managers determines that the Trust's Incurred and Unreported Claims exceed the assets of the Trust available for the Reserve for Incurred and Unreported Claims.

4.2 **Withdrawal Liability.** When the provisions of this Section 4 are in effect, in the event a Participating Employer either voluntarily withdraws or is involuntarily terminated from the Trust, such former Participating Employer shall deposit to the Trust, in addition to any contributions and late payment penalties then owed, a withdrawal liability payment in an amount equal to the product of (a) the number of such Participating Employer's employee Participants as of the date of its withdrawal or termination, times (b) the applicable rate per employee Participant, determined in accordance with Section 4.4. Payment of withdrawal liability shall be required even if the withdrawal occurs as a result of merger or consolidation of the Participating Employer with a District that is not a Participating Employer in the Trust.

4.3 **Liability for Partial Withdrawal.** If at any time for any reason, including but not limited to election by employees to participate in another employer-sponsored group health plan, a Participating Employer experiences a significant decline in the number of its employee Participants, such Participating Employer may be deemed, in accordance with rules established by the Managers, to have partially withdrawn from the Trust. If a such a partial withdrawal occurs while the provisions of this Section 4 are in effect, the Participating Employer shall incur a partial withdrawal liability to the Trust in an amount which shall be determined in accordance with rules established by the Managers based on the applicable rates under Section 4.4. In establishing rules for what constitutes a deemed partial withdrawal, the Managers shall give due

regard to the special circumstances of Participating Employers with small numbers of Participants.

4.4 **Determination of Withdrawal Liability Rates.** During periods while the provisions of this Section 4 are in effect, the Managers shall establish withdrawal liability rates at least semi-annually. A rate per employee Participant shall be determined by dividing (a) the excess of the Trust's Incurred and Unreported Claims over the Reserve for Incurred and Unreported Claims, as determined as of the applicable date by an independent actuary selected by the Managers, by (b) the total number of employee Participants as of such date. The Managers shall have discretion to adjust the rate on a more frequent basis if changes in Trust assets subsequent to the last date as of which the rate was calculated so warrant.

4.5 **Payment of Withdrawal Liability.** Any withdrawal liability required pursuant to the provisions of this Section 4 shall be paid by the Participating Employer within ninety (90) days following the end of the month coinciding with its withdrawal, termination or partial withdrawal. The Participating Employer shall be provided with a notice of its withdrawal liability which shall state (a) the effective date of such withdrawal, termination or partial withdrawal, (b) the amount of the payment due under this Section 4, (c) the date by which such payment is due and (d) such other matters as may be required by the Trust or the Managers from time to time.

5. INSURANCE

5.1 From time to time the Managers may direct the Trustee to contract with various legal reserve insurance companies for the payment of benefits and/or for excess risk protection on any portion of the Plan's benefit liability. The Managers shall cause the Participating Employers to pay to the Trust the amount of any Insurance Premiums for which the Trustee so contracts or such amounts shall be paid from the Trust.

6. CONTINUANCE OF TRUST

6.1 The Participating Employers do not hereby assume any contractual liability as to the continuance of the Trust and, except as provided herein, do not assume any contractual obligation to make future contributions to the Trust, but expressly reserve the right to cease contributions and terminate participation in accordance with the provisions of Section 13 and Section 14 of the Trust.

7. AMENDMENT

7.1 The Managers shall have the right to amend this Agreement, in whole or in part, at any time and from time to time. Any such amendment shall be adopted by the vote of a two-thirds majority of the Managers present at a duly called regular or special meeting at which a quorum is present.

IN WITNESS WHEREOF, the Managers have adopted this amendment and restatement of the Funding Agreement by the vote of a two-thirds majority of the Managers present at a duly called meeting at which a quorum was present on the 4th day of November, 1998, effective as of January 1, 1999.

**BOARD OF MANAGERS
EGYPTIAN AREA SCHOOLS
EMPLOYEE BENEFIT TRUST**

By: _____

Title: _____

EXHIBIT B

EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST

ADOPTION AGREEMENT

_____ (the "Participating Employer"), a public or special education school district in the State of Illinois, hereby elects to participate in the Egyptian Area Schools Employee Benefit Trust ("Trust"), as of the date indicated in a resolution substantially in the following form passed by its Board of Education on _____, _____.

“RESOLVED,

That the Superintendent be and is hereby authorized to execute such instruments as are necessary to evidence the election of this District to become a Participating Employer in the Egyptian Area Schools Employee Benefit Trust effective as of _____, _____, and thereby to become subject to the terms of said Trust, its Funding Agreement and any plan thereunder until this election is revoked pursuant to Section 14.2 of the Trust.”

The Participating Employer also hereby elects and appoints _____ (print name) to serve as its duly authorized representative on the Board of Managers of the Trust pursuant to Section 7.1 of the Trust.

IN CONSIDERATION OF One Dollar (\$1.00), receipt of which is hereby acknowledged, and the mutual covenants of the other Participating Employers and their duly authorized representatives to be bound by the terms of the Trust, the Funding Agreement, and any plan thereunder, the Participating Employer and the Manager designated above as its duly authorized representative, hereby agree to be bound by the terms of the Trust, the Funding Agreement and the Plan.

IN WITNESS WHEREOF, the Participating Employer has caused this election to be executed by its duly authorized official and its elected Manager.

(Signature of Manager)

(Name of District)

Address: _____

By: _____

Title: _____

“Manager”

“Participating Employer”

**FIRST AMENDMENT TO
EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST
FUNDING AGREEMENT**

(As amended and restated effective January 1, 1999)

Pursuant to the provisions of Section 7.1 of the Egyptian Area Schools Employee Benefit Trust Funding Agreement, as amended and restated effective January 1, 1999, the Board of Managers of the Trust hereby amends the Funding Agreement effective as of January 1, 2002, in the following respects:

Sections 4.4 and 4.5 of the Funding Agreement are deleted and the following new Sections 4.4, 4.5, 4.6 and 4.7 are substituted at the end of Section 4:

“4.4 **Determination of Withdrawal Liability Rates.** The withdrawal liability rate per employee Participant shall be determined as of the last day of any month by dividing (a) the excess of the Trust’s Incurred and Unreported Claims over the Reserve for Incurred and Unreported Claims, as determined as of the applicable date by an independent actuary selected by the Managers, by (b) the total number of employee Participants enrolled for such month. As used in this Section 4, the term employee Participant includes Participants who are retirees or former employees on COBRA continuation coverage.

4.5 **Payment of Estimated Withdrawal Liability.** When the provisions of this Section 4 are in effect, withdrawal liability rates shall be determined regularly on a quarterly basis. When a Participating Employer gives notice of its intent to withdraw in accordance with Section 14.2 of the Trust, such notice shall include a check payable to the Trust in the amount of the Employer’s estimated withdrawal liability, calculated using the last determined quarterly withdrawal liability rate and the number of the Employer’s employee Participants as of the month of notice. Notice of withdrawal shall not be effective until the estimated payment is made. Payment of claims submitted on behalf of the Employer’s Participants shall be suspended when notice is received (or 30 days before the stated date of withdrawal, if later) if payment is not received 30 days before the withdrawal date.

4.6 **Final Adjustment of Withdrawal Liability.** The final determination of any Participating Employer’s withdrawal liability shall be made based on the number of employee Participants for the final month in which the Employer participates in the Trust and the withdrawal liability rate determined as of the last day of such month. The withdrawal liability rate as of such date shall be determined as soon as administratively feasible thereafter, generally by the end of the following month. The Participating Employer shall be notified promptly, in writing, of the final withdrawal amount. If the final amount due is less than the estimated payment made by the Employer, the notice shall include a check from the Trust refunding the excess of the estimated amount over the final amount. If the final amount due exceeds the estimated payment, the notice shall include a statement of the balance due. The Employer shall pay the balance due within 30 days after receipt of the billing statement. However, if payment is not received within 10 days after receipt of the billing statement, payment of any remaining

claims submitted on behalf of the Employer's Participants shall be suspended until the balance is paid in full.

4.7 **Special Rule for New Participating Employers.** Notwithstanding the preceding provisions of this Section 4, any District which becomes a Participating Employer after June 30, 2000, and withdraws from the Trust after January 1, 2002, at a time when the provisions of this Section 4 are in effect, shall incur withdrawal liability based only on the increase, if any, in the withdrawal liability rate after the District commenced participation in the Trust. For any such Participating Employer, the withdrawal liability rate shall be the excess, if any, of the rate at the time of its withdrawal over the rate at the time it last became a Participating Employer. If the Trust ceases to have a withdrawal liability at any time after a Participating Employer begins or resumes participation in the Trust, the provisions of this Section 4.7 shall cease to apply to such Employer.

IN WITNESS WHEREOF, the Managers have adopted this amendment of the Funding Agreement by the vote of a two-thirds majority of the Managers present at a duly called meeting at which a quorum was present on the 5th day of November, 2001, effective as of January 1, 2002.

BOARD OF MANAGERS
EGYPTIAN AREA SCHOOLS
EMPLOYEE BENEFIT TRUST

By: _____
Thomas J. Dahncke
Chairman, Board of Managers

**SECOND AMENDMENT TO
EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST
FUNDING AGREEMENT**

(As amended and restated effective January 1, 1999)

Pursuant to the provisions of Section 7.1 of the Egyptian Area Schools Employee Benefit Trust Funding Agreement, as amended and restated effective January 1, 1999, the Board of Managers of the Trust hereby amends the Funding Agreement effective as of July 1, 2004, in the following respects:

The following new Sections 2.5 and 2.6 are added to the Funding Agreement to read as follows:

“2.5 Ineligible Individuals. The Trust shall be obligated to provide benefits only on behalf of employees and dependents who satisfy the eligibility requirements set forth in the Plan and on whose behalf all required contributions have been paid to the Trust. In making or remitting contributions to the Trust on behalf of any person, the Participating Employer is representing to the Trust that such person meets the eligibility requirements for participation in the Plan by reason of his status as an eligible employee, disabled employee or retired employee (collectively, “Employees”), or dependent of an Employee, or person eligible under the requirements of COBRA (a “COBRA Beneficiary”). Each Participating Employer has an obligation to notify the Contract Administrator if any such person ceases to be eligible to participate in the Plan. If an Employer remits contributions on behalf of any person who is not eligible to participate in the Plan, the Employer shall be obligated to reimburse the Trust for the amount of benefits paid by the Trust on behalf of such ineligible person and for any other losses or costs incurred by the Trust as a result of the participation of such ineligible person.

2.6 Compliance Obligations of Participating Employers. In addition to all other responsibilities of the Participating Employer under the terms of the Trust and this Funding Agreement, each Participating Employer shall assume the following administrative and compliance responsibilities with respect to the Employees, dependents and COBRA Beneficiaries on whose behalf the Employer remits contributions to the Trust:

(a) Verify that all such Employees, dependents and COBRA Beneficiaries satisfy the eligibility requirements of the Plan; retain proper documentation of eligibility and cooperate with the Contract Administrator to verify eligibility to the stop loss carrier or insurance company upon request;

(b) Notify the Contract Administrator promptly upon any of the following events: (1) when any Employee terminates employment or otherwise ceases to be eligible to participate in the Plan as an Employee; (2) when any Employee changes status as an active employee, former employee, disabled employee, retired employee or COBRA Beneficiary, (3) when a dependent ceases to be eligible to participate in the Plan as a dependent, and (4) when the Employer is notified of a COBRA qualifying event by an Employee or dependent;

(c) If an Employee asks to make a change in his coverage elections outside the Plan's annual open enrollment period, determine whether the requested change is consistent with a change in status permitted under the terms of the Plan and, if the change is permitted, notify the Contract Administrator and retain proper documentation to verify the applicable change in status; and

(d) Distribute Plan booklets, newsletters, notices of open enrollments, notices of benefit changes and premium changes, and other communications provided by the Trust to the Participating Employer for distribution to Participants, including Participants who are no longer employed by the Participating Employer such as retired former Employees and COBRA Beneficiaries.

IN WITNESS WHEREOF, the Managers have adopted this amendment of the Funding Agreement by the vote of a two-thirds majority of the Managers present at a duly called meeting at which a quorum was present on the 2nd day of June, 2004, effective as of July 1, 2004.

BOARD OF MANAGERS
EGYPTIAN AREA SCHOOLS
EMPLOYEE BENEFIT TRUST

By: _____
Lawrence G. Busch
Chairman, Board of Managers