

Indemnification and Insurance Policy

Section 1. The Fox River Grove Memorial Library shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Library) by reason of the fact that he or she is or was a trustee, officer, employee, or agent of the Library, or who is or was serving at the request of the Library as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Library, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Library, or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful.

Section 2. The Library shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action or suit by or in the right of the Library to procure a judgment in its favor by reason of the fact that such a person is or was a trustee, officer, employee, or agent of the Library, or is or was serving at the request of the Library as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Library, provided that no indemnification shall be made in respect of any claim, issue, or matter as to which person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Library, unless, and only to the extent that the court in which such action or suit was brought, shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Section 3. To the extent that a trustee, officer, employee, or agent of the Library has been successful, on the merits or otherwise, in the defense of any action, suit, or proceeding referred to in Sections (1) and (2) of this Policy, or in defense of any claim, issue, or matter therein, such person shall be indemnified against expense (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 4. Any indemnification under Section (1) and (2) of this Policy (unless ordered by a court) shall be made by the Library only as authorized in the specific case, upon a determination that indemnification of the trustee, officer, employee, or agent is proper in the

circumstances because he or she has met the applicable standard of conduct set forth in Sections (1) and (2) of this Policy. Such determination shall be made (i) by the Board of Library Trustees by a majority vote of a quorum consisting of trustees who were not parties to such action, suit, or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested trustees so directs, by independent legal counsel in a written opinion.

Section 5. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Library in advance of the final disposition of such action, suit, or proceeding as authorized by the Board of Library Trustees in the specific case, upon receipt of an undertaking by or on behalf of the trustee, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Library as authorized in this Policy.

Section 6. The indemnification provided by this Policy shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of disinterested trustees, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a trustee, officer, employee, or agent, and shall inure to the benefit of the heirs, executors, and administrators or such a person.

Section 7. The Library may purchase and maintain insurance on behalf of any person who is or was a trustee, officer, employee, or agent of the Library, or who is or was serving at the request of the Library as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Library would have the power to indemnify such person against such liability under the provisions of this Policy.

Section 8. For the purposes of this Policy, references to "the Library" shall include, in addition to the surviving Library, any merging Library (including any Library having merged with a merging Library) absorbed in a merger which, if the separate existence had continued, would have had the power and authority to indemnify its trustee, officers, employee, or agents, so that any person who was a trustee, officer, employee, or agent of such merging Library, or was serving at the request of such merging Library as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, shall stand in the same position under the provisions of this Policy with respect to the surviving Library as such person would have with respect to such merging Library if its separate existence had continued.

Director and Officer Insurance

Whereas there are limited legal protections for Library trustees, the Library purchases Directors and Officers (D&O) insurance, and Treasurer's Bond insurance. The insurance policies ensure that in the event of a settlement against the Library, there is minimal financial impact on the Library and the individuals named.

Passed May 21, 2013