

TYLER COUNTY COMMISSIONERS COURT
SPECIAL MEETING

September 26, 2007 ---- 9:00 a.m.

THE STATE OF TEXAS ON THIS THE 26th day of September, 2007 the
Commissioners' Court in and for Tyler County, Texas convened in a Special Meeting at
the Commissioners' Courtroom in Woodville, Texas, the following members of the Court
present, to wit:

JACQUES L. BLANCHETTE	COUNTY JUDGE, Presiding
MARTIN NASH	COMMISSIONER, PCT. #1
RUSTY HUGHES	COMMISSIONER, PCT. #2
JOE MARSHALL	COMMISSIONER, PCT. #3
DONECE GREGORY	COUNTY CLERK, EX OFFICIO

The following were absent: Commissioner Walston thereby constituting a quorum. In
addition to the above were:

JOYCE MOORE	COUNTY AUDITOR
SHARON FULLER	COUNTY TREASURER
LYNETTE CRUSE	TAX ASSESSOR-COLLECTOR
JESSIE WOLF	SHERIFF
JOE SMITH	CRIMINAL DISTRICT ATTORNEY

Mack Standley had given the invocation to open the public hearing prior to this meeting.
Judge Blanchette announced that prayer would be acknowledged for this meeting as well

Commissioner Marshall motioned to approved Commissioners' Court minutes of
September 14. Commissioner Nash seconded the motion. All voted yes and none no.

Sheriff Wolf reported the freezer for the jail facilities had completely "quit".
Commissioner Marshall motioned to approve \$3400 out of jail INS funds to replace
freezer. Commissioner Nash seconded the motion.. All voted yes and none no.

Commissioner Nash motioned to approve lease agreement with Tri-County for space
at the nutrition center, for one year with automatic renewal unless changed.
Commissioner Hughes seconded the motion. All voted yes and none no. SEE
ATTACHED

Lou Ann Cloy requested a computer for a new employee, but was not present. Mrs.
Moore stated it could be taken from the "office equipment" line item in the budget.
Commissioner Hughes motioned to approve purchase with maximum amount of \$1500
for Criminal District Attorney's department. Commissioner Nash seconded the
motion. All voted yes and none no.

Due to the death of John Craig, Martin Nash and Judge Blanchette will review resumes
and determine a process for the replacement of the Veteran's Service Officer.
Commissioner Nash motioned to begin process for replacement of Veteran's Service
Officer. Commissioner Marshall seconded the motion. All voted yes and none no.
Judge Allen Sturrock requested a resolution in memory of Mr. Craig, from the court, at a
future date.

John Craig had indicated that if he got to a point he could not serve, he had recommended
his wife, Ellen, due to her knowledge of his duties, to serve as Veterans' service officer
for a temporary period of time. Commissioner Nash motioned to appoint Ellen Craig as
the temporary Veteran's Service Officer, until another appointment can be made by the
court. Commissioner Marshall seconded the motion. All voted yes and none no.

County Treasurer's department having no concerns about the TAC merger of three
insurance fund entities being under one umbrella, Commissioner Marshall motion
support the Inter-local Partition Agreement. Joyce Moore stated these insurances are
handled by her office and she had reviewed with Kim Nagypal. Commissioner Hughes
seconded motion. All voted yes and none no. SEE ATTACHED

Commissioners Court
September 19, 2007

INFORMATIONAL REPORTS:

- County Clerk- Ballots have been received for the November election.
- County Judge – generators, purchased through a grant, will be placed for future disasters.

A motion was made by Commissioner Marshall and seconded by Commissioner Nash to adjourn. 9:15 a.m.

THERE BEING NO FURTHER BUSINESS, THE MEETING ADJOURNED.

I, Donece Gregory, County Clerk and ex officio member of the Tyler County Commissioners Court, do hereby certify to the fact that the above is a true and correct record of the Tyler County Commissioners Court session held on September 26, 2007. Witness my hand and seal of office on this the 15th day of October, 2007.

Attest:


Donece Gregory, County Clerk, Tyler County, Texas



COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement ("Lease") is made and effective

August 1, 2007, by and between Tyler County ("Landlord") and
Tri County Community Action, P.O. Drawer 1748, Center, Texas 75935 ("Tenant").

Landlord is the owner of land and improvements commonly known and numbered as 210 Willow St., STE. ___ Woodville, Texas 75979 and legally described as follows (the "Building"): Space # 38 210 Willow St., Ste. ___ Woodville, TX 75979.

Landlord makes available for lease a portion of the Building designated as Suite/s (the "Leased Premises").

Landlord desires to lease the Leased Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

1. Term.

A. Landlord hereby leases the Leased Premises to Tenant, and Tenant hereby leases the same from Landlord, for an initial term beginning August 1, 2007 and ending August 1, 2008 and said lease shall automatically renew each 1st day of August of every year thereafter. Landlord shall use its best efforts to give Tenant possession as nearly as possible at the beginning of the Lease term. If Landlord is unable to timely provide the Leased Premises, rent shall abate for the period of delay. Tenant shall make no other claim against Landlord for any such delay.

B. Either party may cancel the lease at any time as long as 90 days notice is given to the other party. The lease may be canceled at any time, for any reason by either party.

2. Rental.

Tenant shall pay to Landlord during the Initial Term rental of \$75.00 per month.

Payment shall be due in advance of the first day of each rental month to Landlord at Tyler County, 100W. Bluff St., Room 102, Woodville, TX, 75979 or at such other place designated by written notice from Landlord or Tenant.

3. Use

The Leased Premises may be used and occupied by Tenant as a general business office and for Page 1 of 6

no other purpose, providing that Tenant also must comply with all applicable zoning ordinances. Notwithstanding the forgoing, Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

4. Sublease and Assignment

Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent, such consent not to be unreasonably withheld or delayed.

5. Repairs.

During the Lease term, Tenant shall make, at Tenant's expense, all necessary repairs to the Leased Premises. Repairs shall include such items as routine repairs of floors, walls, ceilings, and other parts of the Leased Premises damaged or worn through normal occupancy, except for major mechanical systems or the roof, subject to the obligations of the parties otherwise set forth in this Lease.

6. Alterations and Improvements.

Tenant, at Tenant's expense, shall have the right following Landlord's consent to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Leased Premises from time to time as Tenant may deem desirable, provided the same are made in

a workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by Tenant thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenant shall have the right to remove the same at any time during the term of this Lease provided that all damage to the Leased Premises caused by such removal shall be repaired by Tenant at Tenant's expense.

7. Property Taxes.

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises.

8. Insurance.

A. If the Leased Premises or any other party of the Building is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

Page 2 of 6

B. Landlord shall maintain fire and extended coverage insurance on the Building and the Leased Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

C. Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance, and Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph. Tenant shall obtain the agreement of Tenant's insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.

9. Utilities.

Tenant shall pay all charges for telephone and other services used by Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. Tenant acknowledges that the Leased Premises are designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilizes excessive electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

10. Signs.

Following Landlord's consent, Tenant shall have the right to place on the Leased Premises, at locations selected by Tenant, any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or use of any other tenant. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenant.

11. Entry.

Landlord shall have the right to enter upon the Leased Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business on the Leased Premises.

Page 3 of 6

12. Building Rules.

Tenant will comply with the rules of the Building adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing.

13. Damage and Destruction.

Subject to Section 8 A. above, if the Leased Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased Premises, and if such damage does not render the Leased Premises unusable for Tenant's purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Landlord.

14. Default.

If default shall at any time be made by Tenant in the payment of rent when due to Landlord as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

15. Quiet Possession

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

16. Condemnation.

If any legally, constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public

Page 4 of 6

authority takes possession, and Landlord and Tenant shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

17. Subordination.

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its

discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased Premises of the Building.

18. Notice.

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to:

Tyler County
100W. Bluff St., Room 102
Woodville, TX 75979

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

19. Waiver.

No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

20. Memorandum of Lease.

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

21. Headings.

The headings used in this Lease are for convenience of the parties only and shall not be Page 5 of 6

considered in interpreting the meaning of any provision of this Lease.

22. Successors.

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

23. consent.

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

24. Compliance with Law.

Tenant shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to Tenant's use of the Leased Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

25. Choice of Law

This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder as performable in Woodville, Tyler County, Texas.

26. Final Agreement.

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

in WITNESS WHEREOF, the parties have executed this Lease as of the 1st day of August, 2007.

TENANT:

By: _____

Date: _____

LANDLORD:

Jacque Blanchette
Tyler County Judge

Date: _____

Page 6 of 6

TYLER COUNTY COMMISSIONERS
300 West Bluff
WOODVILLE, TEXAS 75979

phone (409)-283-7013 fax (409) 283-6307

TO: Donce

PAGES: _____

SUBJECT: _____

DATE: _____

MESSAGE: _____

**BYLAWS AND PLAN OF OPERATION OF THE
TEXAS ASSOCIATION OF COUNTIES
RISK MANAGEMENT POOL**

**ARTICLE I
Creation of RMP**

The Texas Association of Counties Risk Management Pool (hereinafter referred to as "RMP"), sponsored by the Texas Association of Counties ("TAC"), was established on August 16, 2007 by the entry of the following governmental units of the State of Texas into a charter interlocal agreement: the Texas Association of Counties Workers' Compensation Self-Insurance Fund; the Texas Association of Counties County Government Risk Management Pool; and the Texas Association of Counties Property and Casualty Self Insurance Fund. These governmental units of the State of Texas created RMP to provide protection to participating governmental units for all types of property and casualty risks of the governmental units, their officials, employees and volunteers, and other qualified officials, including but not limited to, district court judges, district attorneys, volunteer firefighters and volunteer fire departments, and officers of special purpose districts, pursuant to the provisions of Chapter 791, Government Code (the "Interlocal Cooperation Act"), Chapter 2259, Texas Government Code, Chapter 504, Texas Labor Code, Chapter 157, Texas Local Government Code, Chapter 154, Texas Local Government Code, Chapter 119, Texas Local Government Code, and other applicable law. The Charter Interlocal Agreement creating RMP and the Agreement and Plan of Merger entered into by TAC, the Texas Association of Counties Workers' Compensation Self-Insurance Fund, the Texas Association of Counties County Government Risk Management Pool, and the Texas Association of Counties Property and Casualty Self Insurance Fund are attached hereto as Exhibits "A" and "B", respectively, and incorporated herein by reference.

**ARTICLE II
Definitions**

As used in this agreement, the following terms shall have the meaning hereinafter set out:

- A. Board – the Board of Directors of RMP;
- B. Member – a governmental unit of the State of Texas which enters into and maintains the requisite contractual relationship through an interlocal agreement with RMP;
- C. Charter Members – the Texas Association of Counties Workers' Compensation Self-Insurance Fund; the Texas Association of Counties County Government Risk Management Pool; and the Texas Association of Counties Property and Casualty Self Insurance Fund;
- D. RMP Manager, RMP Administrator, Fund Manager – TAC or its duly authorized designee.

ARTICLE III

Purposes

- A. RMP is organized as a combination of local governments, as that term is defined in Texas Government Code Section 2259.001, exclusively for the benefit of governmental units of the State of Texas, to serve as the administrative agency and a pool for providing coverage for all types of property and casualty risks for which governmental units may lawfully self-insure. RMP is intended to assist Members in controlling costs by taking advantage of economies and efficiencies of scale. RMP is not intended to operate as an insurance company, but rather is intended to be a contracting mechanism by which governmental units of the State of Texas may contract with each other to provide collective self-insurance. As such, RMP is not in the business of insurance and is not subject to regulation by the Texas Department of Insurance. RMP is authorized to operate anywhere within the State of Texas and is not limited in its operations to any particular territory within the State of Texas.
- B. It is the intent of the Members to use all income to pay for all expenses of RMP. It is also the intent of the Members to have RMP provide coverages at reasonable cost. Except as specifically provided herein, all income and assets of RMP shall be at all times dedicated to the exclusive benefit of its Members.
- C. The principal, income and all property received and accepted by the Board to be administered under these Bylaws may be held or invested for RMP in such a manner as the Board shall determine. The investment policy of RMP shall be established by resolution of the Board, and may be changed from time to time. The Board may make payments from income or principal, or both, to or for the use or benefit of the Members, in such a manner as the Board shall determine to be proper under these Bylaws and the investment policy.
- D. No part of the net earnings of RMP shall inure to the benefit of or be distributable to its Directors, Officers, Members, or other private persons, except that RMP may pay reasonable compensation for goods and services rendered and may make payments and distributions in furtherance of the purposes set forth herein.
- E. Upon dissolution of RMP, the Board of Directors shall, after paying or making provision for the payment of all the liabilities of RMP, distribute all the assets of RMP either to the current Members, who are organizations the income of which is excluded under section 115(1) of the Internal Revenue Code and who contributed to any remaining surplus pro rata in proportion to their annualized contributions, or to a successor entity the income of which is excluded under section 115(1) of the Internal Revenue Code.
- F. In recognition of the role of RMP as one of the governmental programs of TAC, RMP shall seek cooperative arrangements with other TAC-sponsored governmental programs concerning administration, investments, joint programs, and other matters of mutual concern in order to achieve economies and to effectuate objectives shared by the said Association and any other TAC-sponsored governmental programs. Such cooperative arrangements may include formal merger with another one or more of the governmental

programs of TAC, at such time and on such terms as shall be judged appropriate by the Directors of RMP and the Directors of TAC.

ARTICLE IV
Non-Waiver of Governmental or Other
Immunity or Monetary Limits

All money and other assets, plus earned interest, contained within RMP are derived from the Members. It is the intent of the Members that, by entering into interlocal participation agreements to become Members of RMP, they do not waive and are not waiving any immunity provided to the Members or their officers or employees by any law or any monetary limits on the liability of the Members or their officers or employees provided by any law.

ARTICLE V
Powers

- A. The powers of RMP to perform and accomplish the purposes set forth above shall be the following, subject to the budgetary limits of RMP and the procedures set forth in these Bylaws:
1. To provide coverage for all risks for which governmental units may lawfully self-insure;
 2. To pay liabilities for RMP Members in accordance with RMP Coverage Documents and interlocal participation agreements entered into by the Members;
 3. To charge and collect from Members contributions for the services provided to Members, including the costs of operation;
 4. To retain employees, agents and independent contractors necessary to administer and achieve the purposes of RMP, including but not limited to attorneys, accountants, financial advisors, claims and loss control administrators, actuaries, investigators, experts, consultants and others;
 5. To purchase and lease real property, equipment, machinery, and other personal property;
 6. To hold all funds contributed by Members and to invest such funds in investments authorized by the Board pursuant to its investment policy;
 7. To purchase stop loss insurance or excess insurance or reinsurance;
 8. To carry out such other activities as are necessarily implied or required to carry out the purposes of RMP;
 9. To sue and be sued (the ability of RMP to sue and be sued shall not be construed and is not intended as a waiver of RMP's sovereign immunity from suit or liability);

10. To enter into contracts;
 11. To enter into interlocal participation agreements with Texas governmental units eligible under these Bylaws and to vary the provisions of such agreements in accordance with the policies and decisions of the Board;
 12. To require at any time the execution by a Member of a new interlocal participation agreement within 30 days of the Member's receipt of such new agreement, or in the absence of execution, to terminate the Member's participation in RMP in accordance with Article XVI of these Bylaws;
 13. To reimburse Directors for reasonable and approved expenses, but any expense incurred in attending Board meetings shall be reimbursed in accordance with TAC's travel policies in effect at the time the expense is incurred;
 14. To purchase fidelity bonds from an insurance company approved by the Texas Department of Insurance to write surety bonds in Texas;
 15. To provide or contract for claim adjustment services, network contracting management, pharmacy management, eligibility management, underwriting and other services necessary for the coverages provided;
 16. To contract with TAC or any entity representing any other program sponsored by or associated with TAC in order to achieve economies in operations and management or further shared objectives; and
 17. To enforce the terms of the interlocal participation agreements into which it enters with Members.
- B. RMP shall have powers consistent with Texas law, the Charter Interlocal Agreement, the Agreement and Plan of Merger, these Bylaws, the interlocal participation agreements entered into with Members, and any amendments adopted hereto and as otherwise provided by law.

ARTICLE VI **Participation**

Membership in RMP shall be limited to governmental units of the State of Texas that agree to abide by the standards for membership adopted by the Board, to abide by the Bylaws, and to enter into interlocal participation agreements with RMP. The Board may establish a minimum initial period of coverage for new members which shall be for a period of not less than one year, subject to the payment of such sums and under the conditions established in these Bylaws. The Board may apply a surcharge to any risk that does not meet the basic underwriting criteria established by the Board or its designee. RMP may refuse to accept any applicant for membership, if it does not meet the criteria established by RMP in this Plan of Operation.

ARTICLE VII
Obligations of Members

The obligations of the Members are:

- A. To pay promptly all contributions or other payments to RMP at such times and in such amounts as shall be established pursuant to these Bylaws, the interlocal participation agreement, and the applicable Coverage Documents. Failure of a Member to pay its contribution or other payment within 30 days of receipt of an invoice may result in the assessment of a late fee at a rate not to exceed the maximum interest rate allowed by law.
- B. To designate in writing a representative to serve as a coordinator with RMP (a "Pool Coordinator"). The Pool Coordinator must be an employee or official of the Member. The Pool Coordinator may be changed from time to time, provided that written notice of such change is promptly provided to RMP;
- C. To allow RMP and the RMP Manager, and/or its agents, contractors, and officers, reasonable access to all facilities of the Member and all records, including, but not limited to, financial records, as required for the administration of RMP;
- D. To cooperate fully with RMP's attorneys and the RMP Manager, and any other agents, contractors, or officers of RMP in activities relating to the purposes and powers of RMP;
- E. To provide RMP, upon request, information on exposures identified by RMP;
- F. To allow attorneys and others designated by RMP to represent any Member in the investigation, settlement, and litigation of any claim made against the Member within the scope of the Coverage Documents; and
- G. To report to RMP, in the form required by the Board or the RMP Manager and as promptly as possible, all incidents or occurrences which would reasonably be expected to result in RMP being required to consider a claim against the Member, its agents, officers, or employees, within the scope of the Coverage Documents.
- H. To cooperate in instituting any and all reasonable safety regulations that may be recommended for the purpose of eliminating or minimizing hazards that may contribute to losses.
- I. To comply with any safety program adopted by the Board.

ARTICLE VIII
Charges/Dividends

- A. RMP shall charge the Members for the benefits and services provided, with such charges being established by the Board.
- B. Any surplus may be used by the Board to distribute dividends to Members in accordance with policies or determinations adopted by the Board, may be used to reduce required

contributions, may be retained in reserves or used in any other manner to strengthen or benefit RMP, including merger with any other TAC sponsored intergovernmental pool.

ARTICLE IX
Board of Directors and Officers

- A. Eligibility. An individual is not eligible to serve on the Interim Board, the Initial Board or the Permanent Board unless the governmental unit the individual represents is a member of RMP and a member of TAC.
- B. Interim Board of Directors. The President of TAC shall appoint a three-person Board from among the Trustees of the Charter Members, to be referred to as the Interim Board, as soon as practicable after the creation of RMP, and shall appoint one of the Interim Directors as Chair of the Interim Board. The term of the Interim Board ends on December 31, 2007. Directors of the Charter Members' boards of trustees are eligible to serve on the Interim Board. Any overlapping directorate that results from service on the Interim Board shall not constitute a conflict of interest and such Trustee of a Charter Board who is also an RMP Interim Director may participate fully in all RMP functions. Alternatively, if there is a conflict of interest caused by the overlapping directorate, RMP expressly waives such conflict of interest.
- C. Initial Board of Directors. Effective January 1, 2008, the Initial Board of Directors shall consist of all of the Trustees of the Boards of Trustees of the Charter Members, as they were constituted on December 31, 2007. The term of office for the Initial Board shall be the calendar year of 2008. The Initial Board shall serve until the Permanent Board is appointed and approved.
- D. Permanent Board of Directors.

(1) The Permanent Board of Directors shall consist of eleven (11) persons. No Member may have more than one employee or elected official on the Board at any one time. Any Director must be an employee or an elected or appointed official of a governmental unit, as that term is defined in Texas Government Code Chapter 2259, that is a Member of RMP. The withdrawal of a Member shall disqualify a Director or any employee or elected or appointed official of the withdrawing Member. Any Director who ceases to be an employee or elected official of a Member shall be disqualified to be a Director. Notwithstanding any provision herein, a Permanent Director shall serve until a successor takes office pursuant to these Bylaws.

(2) Directors for the Permanent Board shall be appointed by the President of TAC, with the concurrence of the TAC Board of Directors. Four of such Directors, to be known as Group A Directors, shall serve an initial term of one (1) year. Four of such Directors, to be known as Group B Directors, shall serve an initial term of two (2) years. Three of such Directors, to be known as Group C Directors, shall serve an initial term of three (3) years.

(3) For a regular term, the President of TAC shall, with the concurrence of the Board of Directors of TAC, appoint a person for each particular Director position. The regular term of office shall be three (3) years. A Director may not serve more than two (2) consecutive regular terms, but service as a Group A or Group B Director shall not disqualify a Director from being appointed to a regular term immediately following that Director's service as a Group A or Group B Director.

- E. Any Director who fails to attend two (2) or more consecutive meetings, whether regular or special, without having been excused by the Chairman, shall be deemed to have resigned. However, the Director shall continue to serve on the Board until such time as his successor is selected pursuant to the terms of paragraph D(2) set out above.
- F. For a regular term, the Chairman and Vice Chairman of the Board shall be designated annually by the President of TAC, with approval of the TAC Board of Directors. The Chairman shall designate a Secretary, who may or may not be a Director, to keep the minutes and records of the Board. A majority of Directors of the Board, as the Board is constituted at the time, shall constitute a quorum. Concurrence of a majority of those present and voting shall be necessary for any official action taken by the Board, except as otherwise provided herein. Any vacancy on the Board due to death, resignation, disqualification, or inability to act shall be filled for the unexpired term by selection of another Director in the same manner that the original Director was selected. The designation of a person to fill an unexpired term of a Director shall not be deemed to create service in a consecutive term for purposes of the prohibition of paragraph D(3) of this Article.
- G. The duly appointed, qualified and acting Directors shall serve without compensation, but shall be entitled to reimbursement of actual expenses incurred in the performance of their official duties upon the approval of such expenses by the Board. Such reimbursement shall be in accordance with the reimbursement policies of TAC as are currently in force.
- H. RMP is not intended to be a trust and the Directors shall not be deemed to have the duties of trustees under the Texas Trust Act, any other statute, or the common law. They may act in accordance with the business judgment rule and the other constituencies doctrine.

ARTICLE X

Powers and Duties of the Board of Directors

- A. RMP's Board of Directors shall have all the powers and duties necessary for the accomplishment of the purposes and goals of RMP, including but not limited to the following specific powers and duties:
 - 1. To contract for such professional services as it may deem necessary and to fix the time, manner, and payment therefor;
 - 2. To contract with any qualified organization to perform any of the functions necessary for carrying out a self-insured pool arrangement, including any and all

other services that the Board shall deem expedient for the proper servicing of those Members who use the services of RMP;

3. To carry out or supervise the performance of all of the duties necessary for the proper operation and administration of RMP on behalf of RMP Members and to that end the Board shall have all of the powers necessary and desirable for the effective administration of the affairs of RMP, including the power to delegate certain functions to contractors as described herein;
4. To adopt rules to carry out the requirements of and implement these Bylaws and Plan of Operation, the Charter Interlocal Agreement, the Agreement and Plan of Merger and all interlocal participation agreements with its Members;
5. To establish the contributions and other payments to be paid by the Members;
6. To develop and prepare the interlocal participation agreement or agreements to be entered into by counties or other governmental units to become Members of RMP, including different agreements in accordance with differing financial arrangements approved pursuant to policies of the Board (such as "cash flow" agreements);
7. To approve claims administration services providers and other service providers, including but not limited to third-party administrators, necessary for the administration of RMP, upon recommendation of the RMP Manager or its agents or contractors;
8. To set a budget and any necessary revisions to the budget;
9. To establish policies for claims and loss control procedures;
10. To establish underwriting criteria;
11. To establish the fees, contributions, loss reserves and other financial arrangements to cover the costs of operating RMP and providing coverages to RMP Members;
12. To establish policies for the investment and disbursement of funds;
13. To arrange for the investing of the monies of RMP in accordance with the Board's investment policy and to open and maintain bank and other accounts as are deemed necessary by the Board;
14. To have an audit performed by a certified public accountant at the end of each fiscal year;
15. To form and delegate to committees to provide other services as needed by RMP;
16. To do all acts necessary and proper for the operation of RMP and implementation of these Bylaws subject to the limits of the Bylaws and not in conflict with these Bylaws;

17. To implement the dissolution of and disbursement of assets of RMP following a determination made pursuant to the provision of Article III, paragraph E;
 18. To select a qualified actuary, who shall conduct an annual review of RMP and make recommendations to RMP Manager and Board based on such review;
 19. To approve attorneys or firms of attorneys retained to represent Members in claims within the scope of the Coverage Documents furnished by RMP or to delegate such approval to the RMP Manager or its designee;
 20. To require at any time the execution by a Member of a new interlocal participation agreement within sixty (60) days of receipt of such new agreement by mail, or in the absence of execution, to terminate the Member's participation in RMP at the option of the Board, in accordance with Article XV of these Bylaws;
 21. The Board shall have the general power to make and enter into all contracts, leases, and agreements necessary or convenient to carry out any of the powers granted under these Bylaws or under any other law. All such contracts, leases, and other agreements shall be approved by resolution of the Board and shall be executed by those individuals designated in such resolution. However, the Board's designee shall have the power to execute interlocal participation agreements in accordance with the policy or practice of the Board without the necessity of express Board action on each such agreement. Additionally, the Board shall have the power to delegate all the above mentioned functions to contractors as permitted under these Bylaws or other law. In the absence of such designation or delegation, all agreements shall be executed by the Chairman or Vice Chairman or the Executive Director of TAC.
- B. Annually, the Chairman of the Board shall appoint an Executive Committee of four (4) Directors to handle the affairs of the Board between the regular Board meetings or any of the called Board meetings. Any action taken by the Executive Committee is subject to approval by the Board at the subsequent Board meeting. Any action taken which would impose a contractual obligation on RMP shall be reported immediately to each Board member. Any such contractual obligation shall be honored by RMP for the period between the creation of the obligation and any rescission at the next meeting of the Board. The Chairman may appoint other committees with authority specifically granted by the Board and subject to its supervision. The Board may dissolve the Executive Committee and any other committee at any time.
- C. The Board shall contract with TAC or its designee for general administrative services as the RMP Manager. The contract shall include a reasonable fee to cover the cost of administrative services being provided. Services to be provided by or through the RMP Manager shall include, but not be limited to: negotiating terms of any insurance or reinsurance contracts; bookkeeping services; financial statements; necessary reports on claims, incidences and recording and depositing of payments; providing information to potential members; reviewing claims from Members; reviewing and making recommendations on all RMP contracts; maintaining a complaint register; acting as a

liaison with state authorities and responding to inquiries from state authorities; computing and providing membership billings, filing required forms and reports with state and other governmental authorities; maintaining appropriate files; assisting RMP's auditor and actuary as necessary; reviewing the performance of all contract services providers; coordinating banking functions, and handling deposits and reconciliations; implementing investment policies established by the Board; supplying resource material for Board meetings; attending Board meetings and other meetings necessary to the administration of RMP; keeping detailed minutes of Board meetings; providing risk management services; and administering committees established by the Board. The RMP Manager may execute all contracts on behalf of RMP that are necessary to provide the general administrative services described herein if any monies to be expended under the contract are included in RMP's approved budget or any approved revisions thereto.

ARTICLE XI

Meetings of the Board of Directors

- A. Meetings may be called by the Chairman or by a majority of the Directors or by unanimously executed waiver of notice.
- B. All acts of the Board shall require a majority vote of the Directors present, except as otherwise specifically provided in these Bylaws.
- C. If allowable by law, any meeting of the Board may be held by telephone conference call in which all or certain of the Directors are not physically present at the place of the meeting, but all or some participate in the conduct thereof by telephone. For the purpose of determining the presence of a quorum and for all voting purposes at such a meeting, all participating Directors shall be considered present and acting.

ARTICLE XII

Indemnification and Liability

- A. In this Article:
 - 1. "Proceeding" means any threatened, pending, or completed action, suit, or other proceeding, whether civil, criminal, administrative, arbitative, or investigative, any appeal thereof, and any inquiry or investigation that could lead to such an action, suit, or other proceeding. "Proceeding" does not include an action to discipline or terminate an employee.
 - 2. "Expenses" includes court costs and attorneys' fees.
 - 3. "Eligible Person," means a current or former Director of RMP, a current or former Trustee or Officer of a Charter Member, a current or former Director, Officer, or employee of TAC, and a current or former member of a committee appointed by RMP, a Charter Member, or TAC. The term includes the estate of an Eligible Person.

- B. RMP shall indemnify an Eligible Person in accordance with this Article.
- C. Except as otherwise provided in this Article, RMP shall indemnify an Eligible Person for a proceeding brought by any person or entity against the Eligible Person based on the Eligible Person's current or former position or the duties he or she performed on behalf of RMP, a Charter Member, or TAC. RMP shall indemnify the person against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses actually incurred by the person in connection with the proceeding and in the defense thereof.
- D. For a proceeding brought by RMP against a person who is or was a Director of RMP, RMP may indemnify the person only if RMP determines that a person similarly situated could have reasonably believed that his or her conduct was in the best interest of RMP. Indemnification shall be limited to reasonable expenses actually incurred by the person in connection with the proceeding.
- E. RMP may indemnify an Eligible Person in the case of a criminal proceeding if RMP determines that the Eligible Person had no reasonable cause to believe that his or her conduct was unlawful.
- F. RMP may not indemnify an Eligible Person for obligations resulting from a proceeding in which the person is found liable for theft from RMP, TAC, or a Charter Member.
- G. Notwithstanding any other provision of this Article, RMP shall indemnify an Eligible Person against reasonable expenses incurred in connection with a proceeding brought against the person because he or she holds or held a position or performed duties on behalf of RMP, TAC, or a Charter Member if the person is or was wholly successful, on the merits or otherwise, in the defense of the proceeding.
- H. A determination of indemnity under Paragraph D and of the reasonableness of expenses must be made by the RMP Directors who are not named defendants or respondents in the proceeding as follows:
1. By a majority vote of a quorum of the Directors eligible to vote on the matter;
 2. By a majority vote of a committee composed of two or more eligible Directors that is designated to act by a majority vote of all Directors; or
 3. By special legal counsel selected by a majority vote of a quorum of the eligible Directors or by a majority vote of the committee, as applicable, or by a majority vote of all Directors if a quorum or committee cannot be established.
- I. An Eligible Person may bring an action for RMP's failure or refusal to indemnify the person. The action shall be brought in the District Court of Travis County, Texas for a de novo determination.
- J. The termination of a proceeding by judgment, order, settlement, or conviction or a plea of nolo contendere or its equivalent is not of itself determinative that the person to whom

indemnity may be or may have been provided did not meet the requirements necessary for indemnification under this Article.

- K. RMP may indemnify and advance expenses to an Eligible Person who is not a current or former Director or Trustee before the final disposition of the proceeding as may be provided by specific action of the Board, or contract or as required by common law.
- L. RMP may indemnify and advance expenses to a current or former RMP Director before final disposition of the proceeding only after:
 - 1. a determination by the entity designated in Paragraph H that the facts then known by the entity would not preclude indemnification; and
 - 2. the current or former Director provides a written affirmation of the person's good faith belief that he or she has met the standard of conduct necessary for indemnification and a written undertaking by or on the person's behalf to repay the amount paid or reimbursed if it is ultimately determined that the person has not met the standard. The written undertaking must be an unlimited general obligation of the current or former Director but security is not required.
- M. RMP may purchase and maintain insurance on behalf of any Eligible Person against any liability asserted against the person because of the position held or the duties performed, whether or not RMP would have the power to indemnify the person against that liability under this Article.
- N. An Eligible Person is not personally liable to RMP or its Members for any acts performed or omitted for RMP, except for theft from RMP.
- O. The Fund may obtain a bond or other security to guarantee the faithful performance of the duties of each Director.
- P. The right of an Eligible Person to indemnification under these Bylaws vests at the time of the alleged conduct upon which the proceeding is based, and the right of indemnification survives any subsequent amendment of these Bylaws.
- Q. In the event of invalidity of any portion of this Article, indemnity shall be provided in accordance with and to the fullest extent permissible by law.

ARTICLE XIII

Bond

Each Director of the Board and each employee, as well as any employee of TAC who has any authority over money in RMP or money collected or invested by RMP may be required by the Board to execute a bond in an amount determined by the Board, conditioned on faithful performance of his or her duties. The cost of the bond shall be paid by RMP.

ARTICLE XIV
Withdrawal from Membership

- A. Any Member may withdraw from RMP by giving at least sixty (60) days' written notice to the Board and the RMP Manager of its desire to withdraw. All coverages provided by RMP will terminate on the effective date of the withdrawal.
- B. Any Member withdrawing shall be entitled to receive only its share of all dividends that are given during or are declared by the Board to be calculated in accordance with a period for which the withdrawing Member was a participant in RMP, subject to a set-off for any outstanding obligation of such Member to RMP. Such share shall be calculated in accordance with policies and determinations which are made by the Board. Except as provided in this Paragraph, a withdrawing Member shall have no right to any portion of the assets or accumulated surplus of RMP, including any renewal credit.
- C. RMP shall continue the servicing of any pending claims after the withdrawal of the Member unless the Member specifically assumes the liability and makes provision to indemnify RMP from loss by taking over the servicing of the claim. RMP will have no responsibility for payment or servicing of claims from an Administrative Services Only contract Member after termination of the Administrative Services Only contract.
- D. A Member that has withdrawn shall not be entitled to any reimbursement of contributions that are to be paid or that shall become payable in the future, and shall continue to be obligated to make payment for an obligation which arose prior to withdrawal and for any additional period for which liability may be created by contract. If the withdrawal occurs prior to the end of the Member's annual coverage period, normal short-rate earned contribution factors will be utilized in calculating the Member's liability or refund.

ARTICLE XV
Expulsion of Members

- A. By a majority vote of the Board, not including any Director disqualified pursuant to Article XV B., any Member may be expelled. Such expulsion, which shall take effect sixty (60) days after such meeting, may be carried out for one or more of the following reasons:
 - 1. Failure to allow RMP or the RMP Manager reasonable access to all facilities and records of the Member necessary for proper administration of RMP;
 - 2. Failure to fully cooperate with the RMP Manager or other agent, contractor, or any officer of RMP;
 - 3. Failure to carry out any obligation of a Member which impairs the ability of RMP to carry out its purposes or powers;
 - 4. Failure to comply with the obligations of Members as set forth in Article VII of these Bylaws;

5. Failure to execute a new interlocal participation agreement with RMP when required under Article V, paragraph A.12 and under Article X, paragraph A.21 of these Bylaws; or
 6. Failure to control losses over an extended period have resulted in a financial loss to RMP in any three of the past five years and when the Board determines that this loss is the result of the action or inaction of the Member.
- B. The vote of a Director who is employed by, an officer of, or otherwise representing a governmental unit proposed to be expelled shall not be counted in determining the number of votes required nor shall such Director be entitled to vote on the expulsion of his or her own governmental unit.
 - C. Except for nonpayment of an obligation to RMP, no Member may be expelled except after written notice from the Board of Directors of the alleged failure along with a reasonable opportunity of not less than thirty (30) days to cure the alleged failure. The Member may request a hearing before the Board before any final decision, which shall be held within thirty (30) days after the expiration for the time to cure has passed. A decision by the Board to expel a Member after notice of hearing and failure to cure the alleged defect shall be final and take effect sixty (60) days after the decision to expel is rendered by the Board. After expulsion, the former Member shall continue to be liable for any unpaid contributions and to make any payment for which an obligation arose prior to expulsion or in accordance with any contract provisions. The expelled Member shall not be entitled to any reimbursement of contributions that are to be paid or that shall become payable in the future; provided, however, the expelled Member shall be entitled to receive all dividends which are given in accordance with Board determinations, subject to a set-off for any outstanding obligation to RMP. If the Member is expelled prior to the end of Member's annual coverage period, normal short-rate earned premium factors will be applied to determine the obligation of the Members.
 - D. Notwithstanding any other provision in these Bylaws, the Board may terminate the membership and expel a Member without further notice if any payment owed by the Member to RMP remains outstanding beyond sixty (60) days of the due date.
 - E. Expulsion shall be in addition to any other remedy which otherwise exists.
 - F. All of a Member's coverages shall terminate on the effective date of the Member's expulsion.

ARTICLE XVI
Contractual Obligation

- A. An original or certified or attested copy of each Member's executed interlocal participation agreement shall remain on file with RMP.
- B. Except to the extent of the financial contributions to RMP agreed to herein or such additional obligations as may come about through amendments to these Bylaws, no

Member agrees or contracts herein to be held responsible for any claims made against any other Member. The contracting parties intend in the creation of RMP to establish an organization to operate only within the scope herein set out and have not herein created as between Member and Member any relationship of surety, indemnification or responsibility for the debt of or claims against any other Member. The parties do not intend to create a trust, partnership, joint venture or other joint enterprise.

ARTICLE XVII
Fiscal Year

The fiscal year of RMP shall be the calendar year or other twelve (12) month period as established by the Board of Directors.

ARTICLE XVIII
Severability

In the event that any article, provision, clause or other part of these Bylaws is held invalid or unenforceable by a court of competent jurisdiction, such validity or unenforceability shall not affect the validity or enforceability with respect to other articles, provisions, clauses, applications or occurrences, and these Bylaws are declared to be severable.

ARTICLE XIX
Amendment of Bylaws

- A. Any amendment to the Bylaws shall become binding on any RMP Member upon its adoption. The provisions of any amendment which alter the rights of a Member which would otherwise exist under a contract shall be effective on the thirtieth (30th) day after written notice of the provision has been served on the Member in accordance with the contract provisions, or otherwise as the parties may agree.
- B. These Bylaws may be altered, amended or repealed by a majority of the Board of Directors of TAC present at any regular meeting or at any special meeting of the TAC Board of Directors if at least two days written notice is given of an intention to alter, amend or repeal these Bylaws or to adopt new Bylaws at such meeting. The Board of Directors of RMP may recommend such changes as it deems necessary or desirable to the Board of Directors of TAC.

ARTICLE XX
Notices

- A. Any notice required or permitted by these Bylaws to be given to a Director, officer, or Member of RMP may be given by facsimile, mail, telegram, or e-mail. If mailed, a notice is deemed delivered when deposited in the mail addressed to the person at his or her address as it appears on the RMP's records, with postage prepaid. If given by telegram, a notice is deemed delivered when accepted by the telegraph company and addressed to the person at his or her address as it appears on the RMP's records. If by facsimile transmission, a notice is deemed delivered when printed confirmation of receipt

is obtained from the transmitting mechanism. A person may change his or her address in the RMP's records by giving written notice of the change to the secretary of RMP.

- B. Whenever any notice is required by law or these Bylaws, a written waiver signed by the person entitled to receive such notice is considered the equivalent to giving the required notice. A waiver of notice is effective whether signed before or after the time stated in the notice being waived.
- C. A person's attendance at a meeting constitutes waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE XXI **Miscellaneous Provisions**

- A. These Bylaws shall be construed under Texas law. All references in these Bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time.
- B. To the greatest extent possible, these Bylaws shall be construed to conform to all legal requirements and all requirements for obtaining and maintaining all tax exemptions that may be available to unincorporated associations such as RMP. Venue for any dispute arising out of or under these Bylaws shall be in Travis County, Texas.
- C. The headings used in the Bylaws are for convenience and may not be considered in construing the Bylaws.
- D. All singular words include the plural, and all plural words include the singular.
- E. A person may execute any instrument related to RMP, except a vote or written consent of a Director, by means of a power of attorney if an original executed copy of the power of attorney is provided to the Secretary to be kept with RMP's records.
- F. The Bylaws will bind and inure to the benefit of the Directors, officers, employees, and agents of RMP and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as the Bylaws otherwise provide.

XXII

Rescission of Merger Provisions

In the event that the operation of RMP is deemed to be inefficient, inconvenient or inappropriate for any reason, the Board of RMP, with the consent of the TAC Board, may rescind the contract of merger, thereby reconstituting the Charter Members and restoring all assets and liabilities to the Charter Members. The restoration of assets and liabilities may be accomplished by the appointment, by the RMP Board, of a dissolution administrator, who shall

make the restoration by any fair method, taking into account, as a significant factor, the initial percentages of contribution of assets and liabilities by the three pools to RMP. The administrator's estimate of profitability or losses of each coverage marketed subsequent to the creation of RMP shall be taken into account, recognizing that a precise accounting cannot be accomplished. The administrator shall have no liability for negligence in the performance of the tasks under this section. In addition, the assets of RMP shall remain available to indemnify him for any negligence in the performance of such duties. The boards of trustees of the reconstituted pools shall be appointed by the TAC President pursuant to the terms of the bylaws of each pool as they existed prior to the merger.

CERTIFICATE

I am the secretary of the Texas Association of Counties Risk Management Pool, and the official custodian of its records. I hereby certify that this document is a true and correct copy of the current version of RMP's Bylaws, as kept in the normal course of business.

Dated: _____

By: _____
Board Secretary

**TEXAS ASSOCIATION OF COUNTIES
RISK MANAGEMENT POOL
INTERLOCAL PARTICIPATION AGREEMENT**

This Agreement, entered into by and between the Texas Association of Counties Risk Management Pool (hereinafter called "Pool") and **Tyler County** (hereinafter called "Member") shall be effective as of the last date on which a party to the Agreement signs the Agreement.

RECITALS:

WHEREAS, the Pool is sponsored by the Texas Association of Counties (hereinafter called "TAC"), and the Pool was formed by the entry into a charter interlocal agreement by the Texas Association of Counties Workers Compensation Self-Insurance Fund, the Texas Association of Counties Property & Casualty Self-Insurance Fund and the Texas Association of Counties County Government Risk Management Pool;

WHEREAS, the Pool was created as an interlocal entity organized under Chapter 791, GOVERNMENT CODE, V.T.C.A. to provide self-insurance for all risks, including workers' compensation, property and casualty and liability coverages as authorized by CHAPTER 2259, GOVERNMENT CODE, V.T.C.A, Chapter 504, LABOR CODE, V.T.C.A., Chapter 119, LOCAL GOVERNMENT CODE, V.T.C.A. and other law;

WHEREAS, Member, a local government as defined in Chapter 791 GOVERNMENT CODE and a governmental unit as defined in Chapter 2259 GOVERNMENT CODE, desires to take advantage of the benefits made available through the Pool;

WHEREAS, the Member's governing body has approved this agreement; and

WHEREAS, the parties recognize that the Pool is a Risk Management Pool authorized by statute and the coverage provided is not considered and does not constitute insurance under any Texas law, including the Texas Insurance Code nor under the common law and is not regulated by the Texas Department of Insurance;

NOW, THEREFORE, it is Agreed and Understood among the parties as follows:

SECTION 1. PARTICIPATION

1.01. Agreement to Participate

Member hereby contracts to become a Member of the Pool. THIS IS NOT A CONTRACT OF INSURANCE and Member does not and cannot hereby elect to create any contract of insurance. The Pool is not a trust and Member does not intend to create a trust.

1.02. Benefits and Obligations Described in Coverage Documents

Member shall have benefits and obligations as more particularly described in the coverage document(s) which may be provided to Member under the terms and conditions of any particular Pool coverage purchased by Member pursuant to this Agreement. A coverage acceptance form, received by the Pool after completion of the underwriting process, or an application for renewal of existing coverage, followed by issuance of a Declarations Page by the Pool for the coverage, shall evidence the acceptance of the terms and conditions of the coverage purchased. Member's rights under any coverage document are subject to the terms and conditions contained in the coverage document.

1.03. Term of Agreement

The term of this Agreement shall commence on the 1st day of January, 2008, and shall continue in full force and effect for a period of one (1) year. This Agreement shall be automatically renewed annually for an additional one (1) year term without the necessity of any action by the parties other than the acceptance of any amendments to the coverage contract and rates. Either party may elect not to renew this Agreement by giving written notice at least thirty (30) days prior to the end of the original term or any renewal term. In the event some coverage is added during the term of this Agreement, the Agreement shall be automatically extended to coincide with the coverage document period provided for the new coverage, except that the term of the Agreement shall continue in accordance with the term(s) of coverage(s) in effect, should any such new coverage be subsequently terminated.

1.04. Termination Without Cause During the Term of the Agreement

A. Termination of This Agreement

This Agreement may be terminated by either party by giving sixty (60) days prior written notice of intent to terminate the Agreement to the other party. Any notice of intent to terminate must be delivered by deposit in the U. S. Mail, certified, return receipt requested. Termination of this Agreement by either party terminates membership in the Pool and any coverages obtained pursuant to this Agreement.

B. Termination of a Coverage Provided Under This Agreement

Subject to Section 1.06, any coverage provided under this Agreement may be canceled by either party by giving sixty (60) days written notice of intent to cancel the coverage to the other party, unless the terms of the applicable coverage document conflict with this provision, in which case the provision in the coverage document controls.

1.05. Addition or Change of Coverages

Pool coverages may be added to the Member's existing coverage(s) provided pursuant to this Agreement, or the provisions of any coverage may be changed, by agreement in writing of the parties.

1.06. Failure to Maintain Coverage

The failure to maintain at least one coverage through the Pool will result in the automatic and immediate termination of this Agreement.

1.07. Coverage Documents

Any coverage documents used by the Pool shall be approved by the Board of Directors of the Texas Association of Counties Risk Management Pool ("the Board"), or by the Pool Administrator, subject to review by the Board.

SECTION 2. POWER, DUTIES AND ORGANIZATION

2.01. Powers of Pool

The Pool shall have any power necessary to carry out the purpose of this Agreement which may be conferred by Chapter 791, V.T.C.A., GOVERNMENT CODE, by Chapter 2259, GOVERNMENT CODE, V.T.C.A ; by Chapter 504, LABOR CODE, V.T.C.A , by Chapter 119, V.T.C.A., and by any other law empowering the Pool, and by this Agreement and the Bylaws of the Texas Association of Counties Risk Management Pool ("the Bylaws"). The Pool shall have the power to execute interlocal participation agreements following the form of this Agreement with other Members. The Pool shall have the power to employ a Pool Administrator and independent contractors to assist in carrying out this Agreement.

2.02. Member Compliance

By execution of this Agreement, Member agrees to comply with and abide by the Bylaws, applicable Coverage Documents, and the rules and regulations of the Pool, as now in effect and as hereafter amended.

2.03. Incorporation of Bylaws and Bylaws' Amendments

The Bylaws are incorporated by reference and made a part of this Agreement for all purposes as if fully set out herein. Any amendment to the Bylaws adopted by the Board shall become binding on Member immediately upon its adoption unless it is in direct conflict with the rights of Member under this Agreement. Any amendment to the Bylaws which alters the rights of a Member under this Agreement shall be effective on the sixtieth (60th) day after written notice of the

provision has been served on Member, or otherwise as the parties may agree. If Member objects to any change in the Bylaws affecting such rights, Member may appeal the matter to the Board within ten (10) days of receipt of the notice. The proposed change will not apply to the objecting member until resolution of the matter by the Board.

2.04 Execution of New Agreement

The Pool may require Member to execute a new Interlocal Participation Agreement at any time in order for Member to continue participation. Should Member fail to execute and return such an Agreement, the Pool may terminate the Member's participation in the Pool in accordance with the Bylaws.

2.05 Pool Administrator

The Texas Association of Counties (hereinafter referred to as "TAC") or its designee, is the administrator of the Pool.

2.06 Provision of Reinsurance

The Pool may provide for reinsurance at a level to be determined by Board in its sole discretion.

2.07 No Joint and Several Liability

The Member has no joint or several liability other than the maximum annual contribution payable by the Member. The participation of the Member shall at all times be on a nonassessable basis beyond the annual amount of contribution.

2.08 No Guaranty Fund

RMP is a self-insurance pool that does not participate in a guaranty fund, so funding for Member's claims under the coverage documents will come solely from the Pool's resources. If the Pool's resources are insufficient to satisfy a claim, the Member will be responsible for the claim. The Pool shall endeavor to maintain at all times stop loss insurance and reserves sufficient to assure that all incurred, fully-developed losses and expenses for the total Pool can be paid from available Pool resources.

2.09 Dividends, Investments and Use of Surplus

Any surplus shall be invested or distributed in accordance with the Bylaws.

2.10 Pool Arrangement for Annual Audit

The Pool shall be annually audited by a certified public accounting firm retained by the Pool.

SECTION 3. POOL COORDINATOR

3.01. Appointment

Member shall by written instrument appoint a Pool Coordinator. The name of the Pool Coordinator and the address for which notices may be given by the Pool shall be set forth in the space provided at the end of this Agreement. The Pool Coordinator shall promptly provide the Pool with any required information.

3.02. Change of Pool Coordinator

Member may change its Pool Coordinator and/or the address for notice by giving written notice to Pool of such change prior to the effective date of the change.

3.03. Responsibility of Pool Coordinator

Any failure or omission of the Member's Pool Coordinator shall be deemed a failure or omission of Member. The Pool is not required to contact any other individual with respect to Member's business except the named Pool Coordinator unless notice or contact to another individual is required by applicable statute. Any notice given by Pool or its contractor to the Pool Coordinator or such individual as is designated by statute for a particular notice, shall be deemed notice to Member.

SECTION 4. ANNUAL CONTRIBUTION

4.01 Submission of Information

Member shall timely submit to the Pool documentation necessary for the Pool to use to determine the risk to be covered for the next renewal period and to properly underwrite the risk exposure. The Pool will provide forms identifying the information requested.

A Member obtaining Workers' Compensation coverage through the Pool must submit an annual estimated payroll, by payroll classifications of the Member, to the Pool no later than sixty (60) days prior to the first day of the coverage period. At the end of the coverage period, Member must provide the Pool with the actual payroll for the coverage period.

4.02 Failure to Timely Submit Information

If Member fails to timely submit the information required in section 4.01 prior to the renewal date, the Pool may charge a penalty of \$100 for each month or portion thereof that the information is not received. Failure to submit the required information within 30 days of the renewal date or failure to pay any penalty provided for in this section may result in termination of Membership under this Agreement or or cancelation of the applicable coverage.

4.03 Determination of Member' Annual Contribution

(a) The contribution for coverage provided by the Pool to Member shall be determined annually. In the event that charges are adjusted during a coverage year, the adjustment will become effective on the annual renewal date for that coverage.

(b) The contribution for the Member shall be based upon the information provided pursuant to section 4.01 of this Agreement, as well as information obtained from any audit or inspection of operations and property of the Member by the Pool.

For liability and property coverages, Members will be charged an annual flat rate contribution that is not subject to audit and adjustment.

For workers' compensation coverage, Member will be charged an annual estimated contribution based on the estimated payroll provided pursuant to Section 4.01, but the contribution is subject to year-end audit and adjustment. If the Member's actual annual payroll differs from the estimated payroll, the amount of the annual contribution may be adjusted. If, after this adjustment, the actual contribution is more than the estimated contribution paid by the Member, the Pool shall notify Member of the difference and Member shall immediately remit the additional amount to the Pool. If the actual contribution is less than the estimated contribution paid by the Member, the Pool shall refund the excess amount to the Member.

(c) The Pool shall calculate the annual contribution for Member using the appropriate discount and/or surcharge if applicable, as approved by the Board.

(d) The Pool will adopt a rate plan for each line of coverage. For workers' compensation coverage, the Pool shall calculate and furnish each Member its individual experience modifier, when earned, in accordance with the provisions of the applicable experience rating plan as approved by the Board.

4.04 Payment of Contribution Is a Condition of Coverage

Member agrees to pay to the Pool the annual contribution amount determined for Member based upon the Pool's calculation. The parties agree that the annual contribution will be paid from current revenues available to Member. The existence of any coverage provided pursuant to this Agreement is expressly conditioned upon, in addition to any other requirements under this Agreement, full and timely payment of charges for any such coverage by Member. Payment shall be paid from Member's current revenues.

4.06 Billing and Payment of Annual Contribution

The contribution for coverage provided by the Pool to Member shall be determined annually. In the event that charges are adjusted during a coverage year, the adjustment will become effective on the annual renewal date of the coverage document.

The Pool shall bill the annual contribution in advance. Member shall pay the Pool at the address specified in Paragraph 7.07. For liability and property coverages, the annual contribution must be paid in advance in its entirety. For workers' compensation coverage, the annual contribution must be paid in four quarterly payments. For workers' compensation coverage, the Pool will submit quarterly invoices in advance and the Member must pay in advance of the quarter. For all coverages, Member's payment is due upon receipt of invoice and, unless the Pool exercises its right to terminate for non payment as provided in Section 4.07, any payment not received within thirty (30) days of the date of billing shall accrue interest at the rate of 1% per month, or as allowed pursuant to Texas law.

4.07 Termination for Failure to Pay

Notwithstanding any other provision in this Agreement, if any payment or contribution for coverage owed by Member to the Pool is not paid as required by this Agreement, the Pool may cancel such coverage or terminate this Agreement, as the Pool deems appropriate, in accordance with the Bylaws and the applicable coverage document. Member shall remain obligated for such unpaid contribution or charge for the period preceding termination.

4.08 Pool's Right to Audit

The Pool has the right, but no obligation, to audit and inspect Member's operations and property at any time upon reasonable notice and during regular business hours, as the Pool deems necessary to protect the interest of the Pool.

4.09 Charges or Rates in Recognition of High Loss Experience

With respect to any Pool coverage, in the event any Member has a higher loss experience than identified in the underwriting standards relevant to that coverage, the Pool may impose on that Member a different or additional rate structure or charge for coverage than those otherwise generally provided to other Members, as a condition of that Member's participation in the relevant coverage.

4.10 Short Rate for Early Withdrawal

Should the Member withdraw before the end of the annual contract period, Member will be subject to the short rate earned contribution factors.

4.11 Collection of Outstanding Contributions

Should the Member fail to make the required payment hereunder, this Agreement may be canceled by its terms and suit may be brought to collect any outstanding contributions due and payable to the Pool. Alternatively, at the option of the Pool, claims costs normally paid by the Pool, up to the total amount of contribution due, must be paid by Member. If this provision is invoked, notwithstanding any provision to the contrary, the Pool has no liability to pay claims expenses until the Member has paid in claims expenses an amount equal to the amount of the contribution due. It is understood and agreed among the parties that, to the extent allowed by law, venue for any suit brought for the purpose of collecting any contributions due and payable to the Pool shall be in Travis County, Texas, and that this contract was made and all actions under this Agreement are performable in, Austin, Travis County, Texas. The party prevailing in any action brought for the purpose of collecting any outstanding contributions due and payable to the Pool shall be entitled to reasonable attorney's fees, plus court costs. For purposes of this provision, the Pool shall be the prevailing party if it is awarded any relief sought in such proceeding.

SECTION 5. CLAIMS

5.01 Claims Submitted

Member shall submit claims to the Pool as set forth in each applicable Coverage Document or as otherwise required by the Pool or state law.

5.02 Member to Cooperate

If the Pool needs assistance from Member or Member's employees regarding a claim, Member will cooperate with the Pool and will provide such assistance.

SECTION 6. SAFETY

6.01 Safety Program

The Member agrees to cooperate in instituting any and all reasonable safety regulations that may be recommended for the purpose of eliminating or minimizing hazards that may contribute to losses. In the event that the Member determines any recommendation submitted by the Pool, or a contractor authorized by the Pool to make such recommendations on behalf of the Pool is unreasonable, the Member has a right to appeal to the Board.

SECTION 7. MISCELLANEOUS

7.01 Amendment

Except as provided in this Agreement and the Bylaws, this Agreement shall not be amended or modified other than in a written agreement signed by both parties.

7.02 Applicable Law

This Agreement is entered into and executed in the State of Texas, and all questions pertaining to its validity or construction shall be determined in accordance with laws of the State of Texas. This agreement is made and performable in Travis County, Texas.

7.03 Suit Against the Pool. The Pool retains its governmental immunity except to the extent it is waived by the Legislature. The parties agree that the following adjudication procedures apply to any legal dispute, and that Member's right to sue the Pool is contingent upon compliance with these procedures: 1) prior to filing suit, Member must comply with all of its obligations under this Agreement and any applicable coverage document; 2) prior to filing suit, Member will participate in good faith in mediation in Travis County, Texas; and 3) any suit against the Pool must be brought in Travis County, Texas.

7.04 Acts of Forbearance

No act of forbearance on the part of either party to enforce any of the provisions of this Agreement shall be construed as a modification of this Agreement nor shall the failure of any party to exercise any right or privilege herein granted be considered as a waiver of such right or privilege.

7.05 Effect of Partial Invalidity

In case any provision of this Agreement is held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions of this Agreement.

7.06 Headings and Captions

The headings and captions in this Agreement are inserted for the purpose of convenience only and shall not be considered in the construction of any provision.

7.07 Notices and Payments

Any notice required to be given to the Pool shall be deemed properly sent if addressed to:

Texas Association of Counties
Risk Management Pool
P. O. Box 2131
Austin, Texas 78768

and deposited in the United States Mail with proper postage. Payments must be sent to either the above address or to the address specified in the Pool's invoice. The Pool may change its address by giving notice to Member. Any notice required to be given or payment required to be made to Member shall be deemed properly sent if addressed to the Member's Pool Coordinator at the address set forth below. Such person and address may be changed by Member if written notice of such change is given to Pool.

7.08 Counterparts

This Agreement may be executed in counterparts, each of which, when taken separately, shall be deemed an original.

7.09 Right to Enforce

No person or entity not a party to this Agreement may bring suit, as a third-party beneficiary or otherwise, to enforce this Agreement.

7.10 Prior Agreements Superseded

This Agreement constitutes the sole agreement of the parties hereto and supersedes any prior agreements respecting the services to be provided under this Agreement.

EXECUTION

IN WITNESS WHEREOF, we hereunto affix our signatures as of the date indicated below.

TEXAS ASSOCIATION OF COUNTIES
RISK MANAGEMENT POOL

Tyler County
MEMBER

By: Karen Ann Norris
Karen Ann Norris, Executive Director
Texas Association of Counties

By: James J. LaChetta
Co. Judge or Governing Body's Designee

Date: September 14, 2007

Date: _____

MEMBER'S POOL COORDINATOR

Name: _____

Address: _____



TYLER COUNTY COMMISSIONERS COURT

September 26, 2007 Tyler County Courthouse, Room 101
9:00A.M. Woodville, Texas

NOTICE Is hereby given that a *Special Meeting* of the Tyler County Commissioners Court will be held on the date stated above, at which time the following subjects will be discussed;

NO. _____ TIME 4:15pm

AGENDA

SEP 21 2007

DONECE GREGORY, COUNTY CLERK
TYLER COUNTY, TEXAS

By: Jackie Skinner

➤ CALL TO ORDER

- Establish quorum
- Invocation

- ✓ 1. CONSIDER/APPROVE: Commissioners' Court Minutes. – September 14, 2007 (Special)
- ✓ 2. CONSIDER/APPROVE: Paying for Commercial Freezer at Tyler County Justice Center – *Jessie Wolf, Tyler County Sheriff*
- ✓ 3. CONSIDER/APPROVE: Commercial Lease Agreement between Landlord: Tyler County and Tenant: Tri County Community Action. – *Martin Nash, Commissioner Pct. 1*
- ✓ 4. CONSIDER/APPROVE: Purchase of Computer for the Criminal District Attorney's Office – *Lou Ann Cloy, Assistant Criminal District Attorney*
- ✓ 5. CONSIDER/APPROVE: Process for Replacement of the Veterans County Service Officer. – *Jacques L. Blanchette, County Judge*
- ✓ 6. CONSIDER/APPROVE: Temporary Replacement of the Veterans County Service Officer. – *Jacques L. Blanchette, County Judge*
- ✓ 7. CONSIDER/APPROVE: Interlocal Participation Agreement (the merged, newly created Pool of the TAC Workers' Compensation Self Insurance Fund, the TAC County Government Risk Management Pool and the TAC Property & Casualty Self Insurance Fund). – *Kim Nagypal, Assistant County Treasurer*
- 8. INFORMATIONAL REPORTS (This item is included on the Agenda to receive announcements from the Court members and/or other Elected Officials and Department Heads of Tyler County.)

➤ ADJOURN

Jacques L. Blanchette
JACQUES L. BLANCHETTE
County Judge

I do hereby certify that the above Notice of Meeting of the Tyler County Commissioners Court is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice in the Tyler County Courthouse at a place readily accessible to the general public at all times and that said Notice remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting, as is required by Article 6252-17, V.T.C.S.

Executed on Sept 21 2007

Donece Gregory, Tyler County Clerk

By: Jackie Skinner (Deputy)

X