



**TEXAS POLITICAL SUBDIVISIONS  
PROPERTY/CASUALTY JOINT SELF-INSURANCE FUND  
INTERLOCAL AGREEMENT  
CONTRACT NUMBER F0691**

**(Guaranteed Cost Plan For Pooled Political Subdivisions)**

This Interlocal Agreement entered into by and between the Texas Political Subdivisions Property/Casualty Joint Self-Insurance Fund (hereinafter referred to as "Fund") and the undersigned political subdivision of the State of Texas (hereinafter referred to as "Fund Member") is for the purpose of providing property, casualty and/or liability coverage, and other risk management services as needed for the "Fund Member" and their employees.

**WITNESSETH:**

The undersigned Fund Member, in accordance with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the interpretations thereof, along with other authorizing statutes, including Chapter 2259, Subchapter B of the Texas Government Code pertaining to other risks or hazards, and in consideration of other political subdivisions executing similar Interlocal Agreements, does hereby agree to become a Member of the Fund. The conditions of membership agreed upon by and between the parties are as follows:

**SECTION I. - DEFINITIONS**

Throughout the Texas Political Subdivisions Joint Self-Insurance Fund Interlocal Agreement, words and phrases that appear in bold have special meaning. They are defined below.

- a. **Allocated Loss Expense** - the costs incurred in processing claims, including but not limited to court costs, expenses for investigation and adjustment of claims, legal expenses, cost containment services (such as PPO discounts, rehabilitation services, medical management services), costs in protection and pursuit of subrogation/recovery rights, and similar expenses chargeable to a particular claim (excluding ordinary overhead expenses of the Fund and/or its designee such as salaries and other fixed expenses which shall be deemed unallocated expenses).
- b. **Board** - the Board of Trustees of the Texas Political Subdivisions Property/Casualty Joint Self-Insurance Fund.
- c. **Coverage Document(s)** - the annual document or documents for each line of coverage selected by the Fund Member, setting forth in exact detail the coverages, limits of self-insurance, deductibles, exclusions and conditions. The lines of coverage available to the Fund Member may include Property, General Liability, Automobile Liability and Physical Damage, School Board Legal Liability, Law Enforcement Legal Liability, Public Officials Legal Liability, Crime, Cyber, Crisis, and/or such other coverages that the Fund may offer.

- d. **Loss** - the sums actually paid or payable by the Fund in the settlement or satisfaction of any claim or suit for which a Fund member is liable either by adjudication or settlement made with the written consent of the Fund.

## SECTION II. - TERMS AND CONDITIONS

1. **Non-Assessable.** The Fund is a non-assessable self-insurance pool.
2. **Risk Sharing Agreement.** The Fund is a self-insurance risk pool through which its Members agree to share risk and actively participate in their contractual obligations to lessen the risk and cost for all Members. This document and any **Coverage Document(s)** are not contracts of insurance. The Fund is not an insurance company. Rather, this Interlocal Agreement is an agreement between the Fund and the Fund Member to pay all covered **Losses** subject to all provisions, including the definitions, terms, and conditions of this Interlocal Agreement, along with any **Coverage Document(s)** issued pursuant hereto.
3. **Program Participation.** At the Fund's discretion, each Fund Member may adopt any or all of the self-insurance coverages offered by the Fund. Whichever self-insurance coverage(s) the Fund Member accepts, the Fund Member agrees to adopt and accept the coverages, provisions, terms, conditions, exclusions and limitations of the applicable **Coverage Document(s)**. The limits of self-insurance, optional coverages and deductibles selected by the Fund Member will be shown on the Declarations of each **Coverage Document**.

The Fund Member should examine the deductible provisions of the **Coverage Document(s)** selected to determine the Fund Member's obligations to reimburse the Fund if the Fund pays part or all of any deductible in handling a **Loss**, claim or suit. The Fund Member should also examine the deductible provisions to determine the expenditures that the Fund may make that apply to and may exhaust any deductible selected.

4. **Non-Waiver of Texas Tort Claims Act.** If the Fund Member adopts one or more of Fund's self-insurance plan(s) which cover liability exposures, it is understood that by participating in this self-insurance pool, the Fund Member does not intend to waive any of the immunities that its officers or employees now possess. The Fund Member recognizes the Texas Tort Claims Act and its limitations to certain governmental functions as well as its monetary limitations, and that by executing this Agreement does not agree to expand those limitations.
5. **Contributions.** The Fund Member agrees to pay contributions to the Fund based on the Fund's rating system. Contributions are payable to the Fund on an annual basis in advance of the Fund Members' effective date, and subsequently, in advance of the anniversary of the Fund Member's effective date.
6. **Failure to Pay Contributions.** In the event the Fund Member fails or refuses to make payments of contributions on a timely basis as herein provided, the Fund reserves the right to terminate such Fund Member by giving ten (10) days written notice and to collect any and all contributions that are earned pro rata for the period(s) preceding contract termination. Any Fund Member that is terminated hereunder shall forfeit any of the refunds that have not been paid prior to the date of termination.

7. **Self-Audits.** Prior to each anniversary of the effective date of this Agreement, the Fund may obtain from the Fund Member data as requested by the Fund in the form of a self-audit that may be used to determine the final contribution for the previously ended coverage period unless otherwise waived by the Fund. Based on the data submitted, a final contribution by the Fund Member or return of contribution to the Fund Member will be calculated. The Fund reserves the right to audit the relevant records of any Fund Member.
8. **Exposure Summary.** Commensurate with the execution of this Agreement and annually thereafter, the Fund Member shall complete the appropriate exposure summary. Intentional misstatements on the exposure summary shall be grounds for cancellation.
9. **Loss Control Services.** Loss control services will be supplied by the Fund and/or its designee to Fund Members to assist them in following a plan of loss control that may result in reduced **Losses**. The undersigned Fund Member agrees that it will cooperate in instituting any and all reasonable loss control recommendations for the purpose of eliminating or minimizing hazards that would contribute to **Losses**. The Fund Member's failure to cooperate with reasonable loss control recommendations shall constitute a material breach of this Agreement. In the event that the recommendations submitted on behalf of the Fund seem unreasonable, the Fund Member shall have the right to appeal to the **Board**, and the decision of the **Board** shall be final. The Fund makes no warranty on Fund loss prevention recommendations.
10. **Administration of Claims.** Pursuant to the terms and conditions of the applicable self-insurance **Coverage Documents**, the Fund and/or its designee agrees to administer any and all claims after notice of claim has been given and to provide a defense where appropriate. The Fund Member hereby appoints the Fund and/or its designee as its agent to act in all matters pertaining to processing and handling of all claims and shall cooperate fully in supplying any information needed or helpful in the administration of those claims. The Fund and/or its designee shall carry on all negotiations with any third parties or their representatives and negotiate within authority granted by the Fund, including, without limitation, decisions concerning claim values, payment due on claims, settlement, subrogation, litigation, and/or appeals. The Fund and/or its designee shall retain and supervise legal counsel on behalf of and at the expense of the Fund (subject to any applicable deductible) as necessary for the prosecution and defense of any litigation.
11. **Choice of Defense Counsel.** At the sole option of the Fund and/or its designee, a Fund Member may be allowed to choose the legal counsel it deems most appropriate for the handling of any individual claim.
12. **Decisions on Individual Claims.** All decisions on individual claims shall be made by the Fund and/or its designee, which includes the decision to appeal or not to appeal a final adjudication at the trial court level. However, any Fund Member shall have the right to consult with the Fund and/or its designee on any claim and have the right to appeal any decision made by the Fund and/or its designee to the **Board**. Any suit brought or defended by the Fund shall be brought or defended only in the name of the Fund Member and/or its officers or employees.

13. **Claims Data.** Periodically each Fund Member will be provided data including a statement of claims cumulative for said Fund Member by Effective Date of that Fund Member.
14. **Claims Handling After Termination for Failure to Pay Contributions.** If this Agreement is terminated as provided for in Section II, Paragraph 6, those claims handling services provided by the Fund and/or its designee as described in Section II, Paragraphs 10 and 11 will continue on those claims occurring prior to the termination of this Interlocal Agreement until they are ultimately and finally disposed of and closed. All other obligations under this Interlocal Agreement will end on the date of termination or expiration.
15. **Case Reserves.** The Fund shall maintain case reserves and supplemental reserves computed in accordance with generally accepted actuarial principles, taking into account historical and other data, designed to measure claims development and claims incurred but not yet reported, so that funds will be available to meet these claims as they become due.
16. **Unencumbered Monies.** The Fund shall invest unencumbered monies in accordance with **Board** approved guidelines. All monies that are on deposit with the Fund, and the investment earnings from these particular monies, shall be used for the benefit of the Fund Members until such time as the **Board** may deem that it is financially prudent to declare excess contribution refunds. No current or former Fund Member is entitled to an individual allocation or portion of Members' Equity (Fund "surplus").
17. **Sufficient Insurance and/or Reinsurance.** The Fund shall at all times maintain adequate insurance and/or reinsurance to protect the financial integrity of the Fund. This insurance and/or reinsurance is provided so that Fund Members will have no joint or several liability other than their required contribution and to insure that the Fund Member shall at no time be on an assessable basis beyond the amount set forth in this Interlocal Agreement. The **Board**, however, reserves the right to adjust the insurance and/or reinsurance coverage
18. **Annual Audit of Fund.** The Fund agrees that all Fund transactions will be audited annually by an independent certified public accounting firm.
19. **Rating Mechanisms.** In order to have a complete and well-understood basis for required contributions to the Fund, various rating mechanisms have been utilized as a guide. There is no intention to bestow rating authority over this plan of self-insurance upon the Texas Department of Insurance or any other regulatory authorities. Any word or phrase used in this Interlocal Agreement, which is ordinarily used in the insurance context, but not in the self-insurance context, shall be construed as consistent with the self-insurance concept except where the context clearly indicates no other possible construction.
20. **Annual Actuarial Report and Operational Responsibility.** As the parties responsible for the Fund, the **Board** and the Administrative Staff shall primarily and constantly keep foremost in its deliberations and decisions in operating the Fund that each of the participating Fund Members is a "self-insured." In conjunction with the annual Actuarial Report, the Fund and/or its designee shall carefully review, study and consider the actual claims or loss experience (including reserves for future claims payments) of each of the Fund Members in order to maintain as nearly as possible an equitable and reasonable administration of the Fund as applied to each Fund Member.

21. **Fund Member to Appoint Coordinator.** The Fund Member agrees that it will appoint a Coordinator of department head rank or higher and that the Fund and/or its designee shall not be required to contact any other individual except this person. Any notice to or any agreements with the Coordinator shall be binding upon the Fund Member. The Fund Member may change the Coordinator by giving written notice to the Fund. The appointment of a Coordinator does not prohibit the Fund from contacting other employees of the Fund Member.
22. **Fund Member to Abide by Bylaws and Policies.** The Fund Member acknowledges that it has received a copy of the Bylaws of the Fund, and it agrees to abide by these Bylaws and any amendments thereto and any and all policies and procedures of the Fund.
23. **Duty to Notify Fund of Changes.** The Fund Member shall have a duty to notify the Fund of any material changes to its operations or exposures. The Fund Member further agrees to timely provide all necessary information to the Fund and/or its designee and to timely execute all necessary documents as may be needed or required for the administration of the Fund.
24. **Right of Appeal to Board of Trustees.** The Fund Member shall have the right to appeal any decision or recommendation of the Fund and/or its designee to the **Board**, whose determination will be final. Any appeal shall be made in writing to the Fund Secretary within 60 days of decision or recommendation of the Fund and/or its designee.
25. **Right to Recovery.** The Fund Member shall take no action to release, discharge or impair its right to seek recovery of any amounts paid under this Agreement from any person or entity legally responsible for the property damage, bodily injury, or death for which such payment is made. Nor may the Fund Member assign such rights without the express, written approval of the Fund.
26. **Dissolution of the Fund.** Upon dissolution of the Fund formed pursuant to this and similar Agreement(s) with Fund Members, any assets of the Fund shall be used to pay its debts and obligations, and any remaining assets shall be distributed to the Fund Members or used for any other lawful purpose, as determined by the **Board**.
27. **Entire Agreement.** This Interlocal Agreement, together with all the Amendments, Supplements and other attachments hereto, constitutes the entire agreement between the parties and supersedes all previous Interlocal Agreements, promises, representations, understandings and negotiations, whether written or oral, between the parties with respect to the subject matter hereof.
28. **Severability; Interpretation.** If any portion of this Interlocal Agreement shall be declared illegal or held unenforceable for any reason, the remaining portions hereof shall continue in full force and effect. Any questions of particular interpretation shall not be interpreted against the drafter of this Agreement, but rather in accordance with the fair meaning thereof.

29. **Responsibility for Negligence, Errors or Omissions.** It is the intent of the Parties that the Fund and/or its designee and the Fund Member each shall bear responsibility for any of its own negligence or its own error or omission, including, but not limited to claims alleging violations of the Texas Insurance Code, the Deceptive Trade Practices and Consumer Protection Act, and the common law duty of good faith.
30. **Fund Accountability.** The Fund and/or its designee shall not be held accountable for any increased cost or expense to the Fund Member involving payments of claims under any contention by the Fund Member that a claim service, risk management service, loss control service, or administrative service could have been handled differently.
31. **Dispute Resolution.** This Interlocal Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflict of laws principles that would require the application of the laws of another state. The Fund 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 the Fund Member's right to file suit against the Fund is contingent upon compliance with these procedures pursuant to the Texas Local Government Code:
- a. Prior to filing suit, the Fund Member must comply with all of its obligations under this Interlocal Agreement including an appeal to the Fund's **Board** as described by Section II, Paragraph 12 hereinabove. A good-faith appeal to the **Board** is a pre-suit adjudication procedure that is required before litigation by a Fund Member against the Fund.
  - b. Prior to filing suit, the Fund Member will participate in good faith in mediation in Dallas County, Texas before a mediator approved by both parties; and
  - c. Any suit against the Fund must be brought in Dallas County, Texas.

In the event of a lawsuit or formal adjudication between a Fund Member and the Fund, the prevailing party is entitled to recover reasonable and necessary attorneys' fees and expenses, including expert fees, that are equitable and just.

32. **Waiver and Estoppel.** No provision of this Interlocal Agreement will be deemed waived by either party unless expressly waived in writing by the waiving party. No waiver shall be implied by delay or any other act or omission. No waiver by either party of any provision of this Agreement shall be deemed a waiver of such provision with respect to any subsequent matter relating to such provision. Estoppel may not be asserted against either party so as to prevent that party from enforcing or insisting on the other party's compliance with any provision of this Agreement.
33. **Amendment by Notice.** The Fund may amend this Interlocal Agreement upon renewal for any reason including changes to the terms. The Fund shall provide the Fund Member written notice of such amendment, which shall only apply prospectively. If Fund Member fails to give the Fund timely written notice of termination, Fund Member shall be deemed to have consented to the Fund's amendment and agrees to abide by and be bound by the amendment, without necessity of obtaining Fund Member's signature.

34. **Assignment.** This Interlocal Agreement or any duties or obligations imposed by this Agreement shall not be assignable by Fund Member without the prior written consent of the Fund. The Fund Member shall not transfer any interest in Fund claim-related payments to any third party, including, but not limited to, litigation finance companies, attorneys, banks, public adjusters, architects, engineers, or contractors. Any action by the Fund Member which grants or attempts to grant to any third party an interest in or control over any claim payment, including, but not limited to, the Member's entry into a contingent fee contract, will immediately suspend any obligation by the Fund to make any claim payment under this Agreement. The obligation of the Fund to make any such claim payments shall not be restored unless and until the Fund Member provides the Fund with evidence reasonably satisfactory to the Fund that any such transfer or attempt to transfer an interest in or control over such claim payment to a third party has effectively been terminated.
35. **Authorization.** By the execution of this Interlocal Agreement, the undersigned individuals warrant that they have been authorized by all requisite governance action to enter into and to perform the terms and conditions of this Agreement and that the Fund Member authorizes the Chief Executive Officer or equivalent, or the designated Coordinator named pursuant to Section II, Paragraph 21 hereinabove, to approve and bind the Fund Member to any current or future **Coverage Document(s)** entered into pursuant to this Agreement.
36. **Notice.** Unless expressly stated otherwise in this Interlocal Agreement, any notice required or provided under this Agreement by either party to the other party shall be in writing and shall be sent by first class mail, postage prepaid or by a carrier for overnight service or by electronic means typically used in commerce. Notice to the Fund shall be sufficient if made or addressed as follows: TPS Self-Insurance Fund, P.O. Box 803356, Dallas, TX 75380. The Fund's required notice address may be updated through explicit written or electronic notice to Fund Members. Notice to a Fund Member shall be sufficient if addressed to the Fund Member's Chief Executive Officer or equivalent, or the designated Coordinator, and mailed to the Fund Member's physical or electronic address of record on file with the Fund.

37. **This Interlocal Agreement shall commence at 12:01 a.m. on the date shown as "effective date" on the signatory page of this Agreement, and shall remain in force and effect until terminated as hereinafter provided. This Agreement may be terminated by (a) mutual consent or by (b) either party by giving sixty (60) days prior written notice of termination to the other party or (c) as otherwise specified in this Interlocal Agreement or the Bylaws of the Fund.**


**TO BE COMPLETED BY FUND MEMEBER**

|                     |                                  |
|---------------------|----------------------------------|
| <u>Harleton ISD</u> | _____                            |
| Fund Member Name    | Signature of Authorized Official |
| _____               | _____                            |
| Date                | Type Name                        |
|                     | _____                            |
|                     | Title                            |

**THE PROPERTY CASUALTY COORDINATOR FOR THE FUND MEMBER IS:**

|                           |                                     |
|---------------------------|-------------------------------------|
| Coordinator Name & Title: | <u>Tina Cox</u>                     |
| Mailing Address:          | <u>Box 510, Harleton , TX 75651</u> |
| Street Address:           | _____                               |
| Telephone Number:         | <u>903-777-2372</u>                 |
| Fax Number:               | <u>903-777-2406</u>                 |

**TO BE COMPLETED BY TPS FUND OFFICE**

|   |                 |
|---|-----------------|
| <u>September 01, 2025</u>   | <u>F0691</u>    |
| Effective Date of Agreement   | Contract Number |
|  | _____           |
| Signature of Fund Secretary   | <u>7/7/2025</u> |
|   | Date            |