

**TEXAS RURAL EDUCATION ASSOCIATION
RISK MANAGEMENT COOPERATIVE
Interlocal Cooperation Contract**

This interlocal cooperation contract is entered into between the Texas Rural Education Association Risk Management Cooperative (**TREA RMC**) and a combination of local governmental units ("**Members**") to establish a self-insurance fund to provide property and liability risk management, workers compensation coverage, loss control and claims administration services.

WITNESSETH:

WHEREAS, the Texas Government Code allows for local governments to contract with other local governments to provide administrative functions; and

WHEREAS, the Texas Government Code allows for local governments or an entity acting on behalf of a local government to establish a self-insurance fund to protect the local government; and

WHEREAS, each **Member**, as a public school district, public college district, charter school, or education service center, is a local government and is able to enter into this interlocal cooperation contract;

NOW, THEREFORE, in consideration of the payment of contributions, the agreement of other **Members** to similar terms and conditions, and **TREA RMC** performing services as outlines in this contract, all parties do hereby agree to all terms and conditions of this agreement and the governing bylaws established as follows:

1. Term:

The term of this agreement is one year from the effective date state below with automatic renewal for two successive years at rates to be determined by the **TREA RMC** unless terminated according to the termination provisions in this agreement.

2. Coverage:

Each **Member** will be provided with a **coverage document** evidencing the coverage(s) to be afforded under this agreement, and the **Member** agrees to abide by the provisions of the **coverage document**, and any amendments or endorsements agreed to by the Board.

3. Contributions:

The **Member** agrees to pay when due the contributions required based upon rating methodology approved by the **Board**, and shall pay interest to the **TREA RMC** on past due contributions at the rate of ten percent (10%) per annum.

4. Audit:

TREA RMC will be required to make available an annual audited financial statement to each **Member** prepared by an Independent Certified Public Accountant.

5. Bylaws:

Members of TREA RMC agree to abide by the Bylaws of **TREA RMC**, as amended from time to time.

6. **Member Services:**

The **Board** is authorized by the **Members** to enter in contracts to provide services to **TREA RMC** and its **Members**. These services include, but are not limited to: Claims administration, underwriting and administration, loss control, actuarial, utilization review, marketing, and reinsurance placement.

7. Excess Insurance:

The **Board** is authorized to purchase excess insurance and aggregate excess insurance, or reinsurance, for the **coverage document**. The amount and attachments of excess insurance or reinsurance shall be determined by the Board.

8. Governance:

TREA RMC shall be governed by a **Board** in accordance with the Bylaws.

9. Notice:

Any written notice to **TREA RMC** shall be made by first class mail delivered to the Texas Rural Education Association Risk Management Cooperative, at 28 Circle Way, Lake Jackson, Texas 77566, or at an address later designated by written notice by the **TREA RMC** to its **Members**.

10. Termination:

By **Member**: **Member** may terminate **Membership** in **TREA RMC** by giving 30 days' notice prior to renewal date.

By **TREA RMC**: A **Member** may be terminated by **TREA RMC** under the following circumstances:

- A. Upon ten (10) days' notice by certified mail for non-payment of contributions by the **Member**. Sixty (60) days minimum earned contribution will apply.
- B. Upon sixty (60) days' notice by certified mail for failure to comply with terms and conditions of this agreement and bylaws.
- C. Upon sixty (60) days' notice by certified mail for failure to comply with any reasonable information requests made by **TREA RMC** or recommendations made by loss control.

- D. Upon sixty (60) days' notice by certified mail for a continued adverse loss experience developed by the **Member** as deemed excessive by the **Board**.

Within a reasonable time after termination, **TREA RMC** shall return to the terminated **Member** a pro rata refund of unearned contributions for the current year, after any audit adjustments or adjustments for additional contributions required by the bylaws. Any unearned premium may be offset by unfunded liabilities contributed by losses from **Members** other than the terminated **Member** *only* if the assets of **TREA RMC** are determined by an independent actuarial evaluation to be insufficient to pay all **TREA RMC** ultimate incurred losses. In the event the assets of **TREA RMC** are determined to be insufficient to pay all ultimate **TREA RMC** incurred losses, the terminated **Member** agrees to accept upon the date of termination direct responsibility *only* for the unfunded portion of the losses contributed by the terminated **Member**.

11. Excess Contributions:

A **Member** who leaves **TREA RMC** or is terminated gives up any rights to any potential refunds of excess contributions for current and prior years. The **Board** reserves the right to distribute any excess contributions paid by **Members** in the manner in which it sees fit.

12. Designated Fund **Member** Representative:

Each **Member** shall designate an individual to represent the **Member** at annual meetings with authorized voting rights on behalf of the **Member**. The designated **TREA RMC Member** representative shall also serve as the person authorized to receive all correspondence and notices for **TREA RMC**. Notice sent to the authorized representative shall constitute notice to the **TREA RMC Member**.

13. Deductibles:

Each **Member** shall be responsible for the payment of all deductibles as outlined in the **coverage document** and consistent with written proposals for coverage issued by **TREA RMC**.

14. **Members** will join **TREA RMC** by notification to **TREA RMC**, subject to the payment of their initial contribution.

15. Limit of Liability:

The **Members** by this agreement affirm that **TREA RMC** is a form of self-insurance. Therefore, under no circumstances shall any **Member's** ultimate liability to **TREA RMC** exceed the ultimate value of any unfunded liabilities contributed by covered losses from the **Member** during the life of **TREA RMC**. In the event that **TREA RMC** ceases to exist for any reason whatsoever, each **Member** shall accept direct responsibility only for any unfunded portion of the liabilities incurred by that **Member**.

DEFINITIONS

Board: Board of Directors elected by **Members** to carry out the business of **TREA RMC**.

Coverage Document: “Written agreements, by line of business, which describe the scope of all coverage(s) to be afforded by **TREA RMC** to the **Member**, as well as the limits, deductibles, exclusions and conditions of such coverage.

TREA RMC: An administrative entity of all **Members** executing the interlocal cooperative contract.

Member(s): The individual school district, community college district or education service center, which has by execution of the contract joined the **TREA RMC**.



IN WITNESS WHEREOF, the **Member** named below has caused this agreement to be executed this ____ day of _____, 2015.

For **TREA RMC:**

Texas Rural Education Association Risk Management Cooperative



By: _____

Chairman, **Board** of Directors

Texas Rural Education Association Risk Management Cooperative

For the **Member:**

Authorized Official

Title

Entity

Designated **Member** Representative

Name

Title

Address

Phone Number

Email Address

