

Item #5-20

**City of Carson City
Agenda Report**

Date Submitted: March 27, 2007

Agenda Date Requested: April 5, 2007
Time Requested: Consent

To: Mayor and Supervisors

From: Purchasing & Contracts

Subject Title: Action to authorize the Mayor to sign the Interstate Interlocal Participation Agreement for The Local Government Purchasing Cooperative which is exempt from competitive bidding pursuant to NRS 332.115 subsection 1 (m) and NRS 332.195 and which will allow all City departments to be able to utilize the Cooperative providing Carson City's approved funding and purchasing procedures are followed (File 0607-083)

Staff Summary: The Local Government Purchasing Cooperative was created to increase the purchasing power of government entities and to simplify their purchasing by using a customized electronic purchasing system, called the BuyBoard.

Type of Action Requested: (check one)
 Resolution Ordinance
 Formal Action/Motion Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: I move to authorize the Mayor to sign the Interstate Interlocal Participation Agreement for The Local Government Purchasing Cooperative which is exempt from competitive bidding pursuant to NRS 332.115 subsection 1 (m) and NRS 332.195 and which will allow all City departments to be able to utilize the Cooperative providing Carson City's approved funding and purchasing procedures are followed (File 0607-083)

Explanation for Recommended Board Action: The Local Government Purchasing Cooperative is an administrative agency created in accordance with Section 791.001 of the Texas Government Code. Its purpose is to obtain the benefits and efficiencies that can accrue to members of a cooperative, to comply with state bidding requirements, and to identify qualified vendors of commodities, goods, and services. The Cooperative also relieves the burdens of governmental purchasing by effectively using current technology and realizing economies of scale. All awarded items or catalogs will be posted on a secure Web site, called the BuyBoard. The Texas Association of School Boards (TASB) administers and handles the day-to-day activities of the Cooperative. The Cooperative is endorsed by the Texas Municipal League (TML) and the Texas Association of Counties (TAC). The Cooperative is governed by an eleven-member board of trustees appointed by the TASB president.

All catalogs or items available for purchase have been competitively procured according to Texas statutes. The competitive procurement may have originated with the Cooperative or may have originated with another regional cooperative or entity (school, city, or county). Because all items on the BuyBoard have been competitively procured, Cooperative members don't have to be concerned with bidding themselves.

The Cooperative's intent is to extend the options available to local governments and other political subdivisions. After becoming a member, Carson City can choose how to participate, product category by product category, item by item.

Pursuant to **NRS 332.115 subsection 1 (m) and NRS 332.195**, staff is requesting the Board of Supervisors declare that the contract is not adapted to award by competitive bidding and authorize all city departments to be able to place orders from this contract providing Carson City's approved funding and purchasing procedures are followed.

NRS 332.115 Contracts not adapted to award by competitive bidding; purchase of equipment by local law enforcement agency or other local governmental agency; purchase of goods commonly used by hospital.

1. Contracts which by their nature are not adapted to award by competitive bidding, including contracts for:

(m) Supplies, materials or equipment that are available pursuant to an agreement with a vendor that has entered into an agreement with the General Services Administration or another governmental agency located within or outside this State;

are not subject to the requirements of this chapter for competitive bidding as determined by the governing body or its authorized representative.

NRS 332.195 Joinder or use of contracts by other governmental entities.

1. A governing body or its authorized representative and the State of Nevada may join or use the contracts of local governments located within or outside this State with the authorization of the contracting vendor. The original contracting local government is not liable for the obligations of the government entity which joins or uses the contract.
2. A governing body or its authorized representative may join or use the contracts of the State of Nevada or another state with the authorization of the contracting vendor. The State of Nevada or other state is not liable for the obligations of the local government which joins or uses the contract.

Applicable Statue, Code, Policy, Rule or Regulation: NRS 332.115 subsection 1 (m) and NRS 332.195

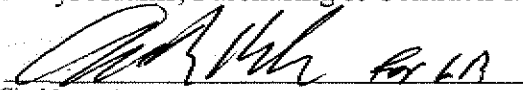
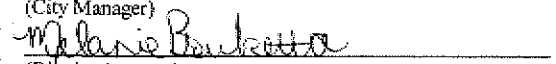
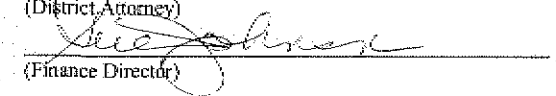
Fiscal Impact: Each department will budget their own purchases

Explanation of Impact: Each department will budget their own purchases

Funding Source: Each department will budget their own purchases

Supporting Material: Interstate Interlocal Participation Agreement for The Local Government Purchasing Cooperative

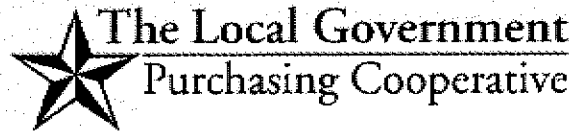
Prepared By: Cheryl Adams, Purchasing & Contracts Manager

Reviewed By:  Date: 3-27-07
(City Manager)
 Date: 3-27-07
(District Attorney)
 Date: 3/27/7
(Finance Director)

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay
2) _____

(Vote Recorded By)



INTERSTATE INTERLOCAL PARTICIPATION AGREEMENT

for

The Local Government Purchasing Cooperative

This Interlocal Participation Agreement ("Agreement") is made and entered into by and between the The Local Government Purchasing Cooperative ("Cooperative"), an administrative agency of cooperating governmental entities, acting on its own behalf and the behalf of all participating governmental entities, and the undersigned local government or state agency ("Cooperative Member"). The purpose of this Agreement is to facilitate compliance with state bidding requirements, to identify qualified vendors of commodities, goods and services, to relieve the burdens of the governmental purchasing function, and to realize the various potential economies, including administrative cost savings, for Cooperative Members.

WITNESSETH:

WHEREAS, the Cooperative Members are authorized by Chapter 791, (Interlocal Cooperation Contracts) of the Texas Government Code ("the Act"), to agree with other local governments of this state or another state to provide administrative functions that include purchasing; and

WHEREAS, the Cooperative is an administrative agency of governmental entities cooperating in the discharge of their governmental functions; and

WHEREAS, the Cooperative Member has represented that it is an eligible entity under the Act, and desires to contract with the Cooperative.

NOW BE IT RESOLVED that the undersigned Cooperative Member in consideration of the agreement of the Cooperative and the Cooperative Members to provide services as detailed herein does agree to the following terms, conditions, and general provisions.

TERMS AND CONDITIONS

1. **Legal Authority.** The Cooperative Member represents and warrants to the Cooperative the following:
 - (a) It meets the definition of "Local Government" or "State Agency" under the Act. "Local Government" means a: county, municipality, special district or other political subdivision of Texas or another state; or combination of two or more of those entities. "Political Subdivision" includes any corporate and political entity organized under state law. "State Agency" means (A) a department, board, bureau, commission, court, office, authority, council, or institution; (B) a university, college, or any service or part of a state institution of higher education; (C) a local workforce development board created under Texas Gov't Code Section 2308.253; and (D) any statewide job or *employment training program* for disadvantaged youth that is substantially financed by federal funds and that was created by executive order not later than December 30, 1986; or similar agency of another state.
 - (b) The functions and services to be performed under the Agreement will be limited to "Administrative Functions" as defined in the Act. "Administrative Functions" means those functions normally associated with the routine operation of government, including tax assessment and collection, personnel services, purchasing, records management services, data processing, warehousing, equipment repair and printing".
 - (c) It possesses the legal authority to enter into the Agreement, designates the Cooperative as its agent, and can renew the Agreement without subsequent action of its governing body.
 - (d) Purchases made under the Agreement satisfy all procedural-bidding requirements that the Cooperative Member must meet under all applicable local policy, regulation, or state law.
 - (e) All requirements, local or state, for a third party to approve, record or authorize the Agreement have been met.
2. **Term.** The initial term of this Agreement shall commence at 12:01 a.m. on the date executed and signed and shall automatically renew for successive one-year terms unless sooner terminated in accordance with the provisions of this Agreement. The terms, conditions, and general provisions set forth below shall apply to the initial term and all renewals.
3. **Termination.**
 - (a) **By the Cooperative Member.** This Agreement may be terminated by the Cooperative Member at any time by thirty (30) days prior written notice to the Cooperative; provided all charges owed to the Cooperative and any vendor have been fully paid.

- (b) **By the Cooperative.** The Cooperative may terminate this Agreement by:
- (1) Giving ten (10) days notice by certified mail to the Cooperative Member if the Cooperative Member fails or refuses to make the payments or contributions as herein provided; or
 - (2) Giving thirty (30) days notice by certified mail to the Cooperative Member.
- (c) **Termination Procedure.** If the Cooperative Member terminates its participation during the term of this Agreement or breaches this Agreement, or if the Cooperative terminates participation of the Cooperative Member under any provision of this Article, the Cooperative Member shall bear the full financial responsibility for any purchases occurring after the termination date, and for any unpaid charges accrued during its term of membership in the Cooperative. The Cooperative may seek the whole amount due, if any, from the terminated Cooperative Member. The Cooperative Member will not be entitled to a refund of membership dues paid.

4. **Payments.**

- (a) The Cooperative Member agrees to pay membership fees based on a plan developed by the Cooperative. Membership fees are payable by Cooperative Member upon receipt of an invoice from the Cooperative. The Cooperative reserves the right to collect all funds that are due to the Cooperative in the event of termination by Cooperative Member or breach of this Agreement by Cooperative Member.
- (b) Payment for goods, materials and services; inspections and acceptance of goods, materials and services ordered by the procuring party shall be the exclusive obligation of the procuring Cooperative Member.

5. **Cooperative Reporting.** The Cooperative will provide periodic activity reports to the Cooperative Member. These reports may be modified from time to time as deemed appropriate by the Cooperative.

6. **Administration.** Cooperative Member will use the BuyBoard purchasing application in accordance with instruction from the Cooperative; discontinue use upon termination of participation; maintain confidentiality and prevent unauthorized use; maintain equipment, software and testing to operate the system at its own expense; report all purchase orders generated to Cooperative or its designee in accordance with instructions of the Cooperative; and make a final accounting to Cooperative upon termination of membership. Cooperative reserves the right to make changes in the scope of products, services, and contracts available through the Cooperative at anytime without posting any advance notice.

7. **Amendments.** The Board may amend this agreement, provided that notice is sent to each participant at least 60 days prior to the effective date of any change described in such amendment which, in the opinion of the Board, will have a material effect on the Cooperative Members participation in the Cooperative.

GENERAL PROVISIONS

1. **Authorization to Participate.** Each Cooperative Member represents and warrants that its governing body has duly authorized its participation in the Cooperative.
2. **Bylaws.** The Cooperative Member agrees to abide by the Bylaws of the Cooperative, as they may be amended, and any and all reasonable policies and procedures established by the Cooperative.
3. **Compensation.** The parties agree that the payments under this Agreement and all related exhibits and documents are amounts that fairly compensate the Cooperative for the services or functions performed under the Agreement, and that the portion of gross sales paid by participating vendors enables the Cooperative to pay the necessary licensing fees, marketing costs, and related expenses required to operate a system of electronic commerce for the local governments and state agencies.
4. **Cooperation and Access.** The Cooperative Member agrees that it will cooperate in compliance with any reasonable requests for information and/or records made by the Cooperative.
5. **Coordinator.** The Cooperative Member agrees to appoint a program coordinator who shall have express authority to represent and bind the Cooperative Member, and the Cooperative will not be required to contact any other individual regarding program matters. Any notice to or any agreements with the coordinator shall be binding upon the Cooperative Member. The Cooperative Member reserves the right to change the coordinator as needed by giving written notice to the Cooperative. Such notice is not effective until actually received by the Cooperative.
6. **Current Revenue.** The Cooperative Member hereby warrants that all payments, contributions, fees, and disbursements required of it hereunder shall be made from current revenues budgeted and available to the Cooperative Member.
7. **Defense and Prosecution of Claims.** The Cooperative Member authorizes the Cooperative to regulate the commencement, defense, intervention, or participation in a judicial, administrative, or other governmental proceeding or in an arbitration, mediation, or any other form of alternative dispute resolution, or other appearances of the Cooperative in any litigation, claim or dispute, and to engage counsel and appropriate experts, in the Cooperative's sole discretion, with respect to such litigation, claim or

disputes. The Cooperative Member does hereby agree that any suit brought against the Cooperative may be defended in the name of the Cooperative by the counsel selected by the Cooperative, in its sole discretion, or its designee, on behalf of and at the expense of the Cooperative as necessary for the prosecution or defense of any litigation. Full cooperation by the Cooperative Member shall be extended to supply any information needed or helpful in such prosecution or defense. Subject to specific revocation, the Cooperative Member hereby designates the Cooperative to act as a class representative on its behalf in matters arising out of this Agreement.

8. **Governance.** The Board of Trustees (Board) will govern the Cooperative in accordance with the Bylaws. Travis County, Texas will be the location for filing any dispute, claim or lawsuit.
9. **Limitations of Liability.** COOPERATIVE, ITS ENDORSERS (TEXAS ASSOCIATION OF SCHOOL BOARDS, TEXAS ASSOCIATION OF COUNTIES, AND TEXAS MUNICIPAL LEAGUE) AND SERVICING CONTRACTOR (TEXAS ASSOCIATION OF SCHOOL BOARDS) DO NOT WARRANT THAT THE OPERATION OR USE OF COOPERATIVE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE.

COOPERATIVE, ITS ENDORSERS AND SERVICING CONTRACTORS, HEREBY DISCLAIM ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, IN REGARD TO ANY INFORMATION, PRODUCT OR SERVICE FURNISHED UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

THE PARTIES AGREE THAT IN REGARD TO ANY AND ALL CAUSES OF ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER UNDER ANY CIRCUMSTANCES FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

IN NO EVENT SHALL COOPERATIVE, ITS ENDORSERS AND SERVICING CONTRACTORS HAVE ANY FINANCIAL OR LEGAL LIABILITY TO THE COOPERATIVE MEMBER FOR ANY GOODS OR SERVICES PURCHASED THROUGH THE AGREEMENT OR FOR THE COOPERATIVE MEMBER MEETING ANY OR ALL LOCAL OR STATE REQUIREMENTS FOR COMPETITIVE BIDDING AND PURCHASING.

10. **Merger.** This Interlocal Participation Agreement, Terms and Conditions, and General Provisions, together with the Bylaws, and Exhibits, represents the complete understanding of the Cooperative, and Cooperative Member electing to participate in the Cooperative.

11. **Notice.** Any written notice to the Cooperative shall be made by first class mail, postage prepaid, and delivered to the Associate Executive Director Financial Planning, Texas Association of School Boards, Inc., P.O. Box 400, Austin, Texas 78767-0400.
12. **Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and venue shall lie in Travis County, Texas.
13. **Warranty.** By the execution and delivery of this Agreement, the undersigned individuals warrant that they have been duly authorized by all requisite administrative action required to enter into and perform the terms of this Agreement.

IN WITNESS WHEREOF, the parties, acting through their duly authorized representatives, sign this Agreement as of the date indicated.

TO BE COMPLETED BY THE COOPERATIVE:

THE LOCAL GOVERNMENT PURCHASING COOPERATIVE,
as acting on behalf of all other Cooperative Members

By: _____ Date: _____
Gerald Brashears, Cooperative Administrator

TO BE COMPLETED BY COOPERATIVE MEMBER:

City of Carson City
(Name of Governmental Entity)

201 North Carson Street
(Mailing Address)

Carson City Nevada 89701
(City) (State) (Zip Code)

By: _____ Date: _____
Signature of authorized representative of Cooperative Member

Printed name and title of authorized representative

Coordinator for the
Cooperative Member is:

Cheryl Adams, Purchasing & Contracts Manager
Name

201 North Carson Street Suite 11
Street Address

Carson City
City

Nevada 89701
State Zip Code

(775) 887-2027 extension 1100
Telephone

(775) 887-2107
Fax

CAdams@ci.carson-city.nv.us
Email

**Bylaws of
The Local Government Purchasing Cooperative
(Adopted by the TASB Board on July 31, 2004)**

The Local Government Purchasing Cooperative ("Cooperative") has been created as an administrative agency of cooperating local governments and state agencies pursuant to the Interlocal Cooperation Act ("Act"), Chapter 791, Texas Government Code; and the Interlocal agreement ("Agreement or Agreements") between participating local governments and state agencies ("Cooperative Members") to purchase goods and services in the performance of their governmental functions.

1. PURPOSE AND OBJECTIVES

The general objectives are to facilitate compliance with state bidding requirements, to identify qualified vendors of goods and services, to relieve the burdens of the governmental purchasing function, and to realize the various potential economies, including administrative cost savings, for local governments and state agencies which elect to participate in the Cooperative, and to perform such other services as the Cooperative Board of Trustees ("Board") may authorize.

2. NATURE OF THE ORGANIZATION

The Cooperative is an administrative agency of local governments and state agencies. Texas public school districts must be members of the Texas Association of School Boards and their income must be described in Internal Revenue Code ("IRC") section 115 in order to be eligible for membership in the Cooperative.

Each Cooperative Member shall abide by the Bylaws, Agreements, rules, and regulations provided for the Cooperative. The Cooperative is a statutorily authorized nonprofit contractual mechanism by which, through Interlocal agreements with other local governments and state agencies, Cooperative Members may collectively or individually discharge their governmental functions of purchasing goods and services and related activities.

3. ESTABLISHMENT OF THE BOARD

The Cooperative shall be governed by the Board. The Board shall operate the Cooperative on a nonprofit basis on behalf of the Cooperative Members pursuant to the Bylaws, Agreements, rules, and regulations, and shall have the further powers, duties, and functions as hereinafter set forth. All Board members, although maintaining their official capacity as elected officials or employees of local governments while serving upon this Board, shall act as representatives of all Cooperative Members.

4. BOARD QUALIFICATIONS

Each member of the Board must be either an elected official or an employee of a local government which is a Cooperative Member. Any Board member who, at the time of appointment, is an elected official or employee of a Cooperative Member and who vacates that

position, shall be deemed to have vacated the position on the Board, and the position shall be deemed vacant at that time.

5. COMPOSITION OF BOARD

The Board shall be made up of eleven (11) members appointed by the TASB President. Four shall be elected officials or employees of school districts, two shall be elected officials or employees of municipalities, one shall be an elected official or employee of a county, and four shall be at-large positions from any type of participating governmental entity.

No Cooperative Member shall have more than one member on the Board.

6. VACANCY

Any vacancy on the Board shall be filled in the same manner as the original appointment was made. If the appointment is not made within sixty (60) days, the Board shall fill the vacancy. Each vacancy on the Board shall reduce full membership of the Board by one (1) until such time as the vacancy is filled.

7. REMOVAL

Any Board member may be removed at the discretion of the TASB President. Any Board member who is absent from three consecutive regularly scheduled meetings may be subject to removal from the Board by a majority vote of the remaining Board members.

8. TERM OF THE BOARD

Initially, the four at-large positions may be appointed as early as September 1, 2004, with terms expiring the last day of February as follows: two positions with terms expiring in 2006, one position with a term expiring in 2007, and one position with a term expiring in 2008. Subsequent terms, excluding appointment for unexpired terms, shall be for three years. No person shall serve more than nine years. Board Member's terms end on the last day of February.

9. MEETINGS

The Board shall hold an annual meeting in the summer of each year for the purpose of electing officers, receiving reports, and for other business that may arise.

When called by the Chair, the Board shall hold such other meetings as are deemed appropriate and necessary for the transaction of its business. When any four Board members submit to the Chair a request in writing for a meeting, the Chair shall then call a meeting within 30 days of the latest of the four requests. The Chair shall set the time, date, and place of all meetings and shall give no less than five nor more than 30 days notice personally, by facsimile transmission, electronic transmission, by U.S. Mail, or by any other means that is accessible to all Board members. Notice may be waived if a majority of the Board files with the Secretary a written instrument affirmatively waiving the notice requirements contained herein.

The Board meetings shall be held in Austin, Texas or at any other place upon proper notice to all Board members.

The Chair may conduct valid Board business without a meeting by arranging a telephone conference of the Board members or by mail ballot.

10. QUORUMS AND VOTING

A majority of members of the Board shall constitute a quorum. When a quorum exists, concurrence of a majority of those present and voting at any Board meeting shall be necessary for any official action taken by the Board.

A majority of the full Board must concur for action taken pursuant to a telephone conference or mail ballot to be valid.

On any occasion when a meeting is called and a quorum is not present, the Chair shall conduct valid business by polling the Board members who are present and then polling the absent Board members by telephone or other electronic transmission.

In any poll taken by telephone or other electronic transmission, the Board members who are polled shall confirm their action in writing.

11. OFFICERS

The Board shall, at its annual meeting, elect one of its members, Chair, another of its members Vice Chair, and a Secretary, who may or may not be a member of the Board.

12. CHAIR

The Chair shall preside at all meetings of the Board and shall see that all actions and resolutions of the Board are carried into effect, and shall perform such other duties and have such other authority and powers as the Board may prescribe.

The Chair, on behalf of the Cooperative, shall have the authority to sign and execute all contracts and other instruments, and to conduct the business of the Cooperative between Board meetings.

13. VICE CHAIR

In the absence of the Chair or in the event of the Chair's inability or refusal to act, the Vice Chair shall perform the duties of the Chair, and when so acting shall have all the duties of and be subject to all the restrictions upon the Chair. The Vice Chair shall perform such other duties as may be assigned by the Chair.

14. SECRETARY

The Secretary shall keep the minutes of all meetings of the Board; the Secretary shall attend to the giving and serving of all notices.

The Secretary shall have charge of the Cooperative's books, records, and such other books and papers as the Board may direct. The Secretary shall in general perform all duties incident to the office of Secretary subject to the control of the Board. In the absence of the Secretary, the Chair may appoint any person, other than the Chair, to act as Secretary during such absence.

15. EXPENSE REIMBURSEMENT

The appointed, qualified, and acting members of the Board shall serve without compensation, but shall be entitled to reimbursement of actual, necessary, and reasonable expenses incurred in the performance of his or her duties.

16. POWERS AND DUTIES

The Board, in addition to other powers and duties herein conferred and imposed or authorized by law, shall have the following powers and duties, which shall be exercised in the accomplishment of the Cooperative's public purpose:

- A. The Board shall have the general power to approve or ratify contracts and agreements necessary or convenient to carry out any of the powers granted under the Bylaws and to perform any of the functions necessary for carrying out the purposes of the Cooperative, including services to Cooperative Members.
- B. The Board shall make provision for proper accounting and reporting procedures for Cooperative Members.
- C. The Board shall carry out all of the duties necessary for the proper operation and administration of the Cooperative on behalf of the Cooperative Members and to that end shall have all of the powers necessary for the effective administration of the affairs of the Cooperative.
- D. The Chair shall be authorized to conduct the business of the Cooperative between Board meetings.
- E. The Chair may appoint committees of the Board as the Chair deems necessary to properly perform or more effectively carry out the mission and purposes of the Cooperative. Unless the Board has authorized otherwise, the committees of the Board will cease to exist at the close of the fiscal year.
- F. The TASB President may appoint special committees of the Cooperative from persons nominated for consideration by the Chair. Unless the Board has authorized otherwise, the special committees of the Cooperative will cease to exist at the close of the fiscal year.

- G. The Board shall have the authority, on behalf of all Cooperative Members, to terminate membership of any Cooperative Member that fails to abide by the Bylaws, Agreements, rules, and regulations provided for the Cooperative or commits any other action that may be detrimental to the fiscal soundness or efficiency of the Cooperative.
- H. The Board may hire or direct the hiring of attorneys, accountants, actuaries, or such other service providers that it may deem necessary for the proper administration of the Cooperative.
- I. The Cooperative, may institute, defend, intervene, or participate in a judicial administrative or other governmental proceeding or in an arbitration, mediation, or any other form of alternative dispute resolution. It may also assert a claim in its name on behalf of its members if (1) one or more members of the Cooperative have standing to assert a claim in their own right; (2) the interests the Cooperative seeks to protect are germane to its purposes; (3) and neither the claim asserted nor the relief requested requires the participation of a Cooperative Member. The Cooperative shall have the authority to be the class representative of the Cooperative Members. The Cooperative has the authority to engage counsel and appropriate experts for and on behalf of the Cooperative and Cooperative Members in respect of such claims, disputes, litigation or other matters that may arise under this provision.
- J. The Secretary or designee shall be the custodian of the records and proceedings of the Cooperative.

17. FISCAL YEAR

The fiscal year for the Cooperative shall be from the first day of September of each year and ending on the 31st day of August of the succeeding year.

18. WITHDRAWAL FROM MEMBERSHIP

Any Cooperative Member may withdraw from the Cooperative during the term of the Agreements, only in accordance with the terms of the Agreements.

19. LIABILITY

Neither the Board, the administrator, nor any officers, trustees, board members, or employees shall be held liable for any action or omission to act on behalf of the Cooperative or the Cooperative Members unless caused by willful misconduct, and shall enjoy the broadest immunities permitted by law.

20. INDEMNIFICATION

The Cooperative shall indemnify and hold harmless (either directly or through insurance) any Board member or officer of the Cooperative, to the extent permitted by law, for any and all

litigation, claims or other proceedings, including but not limited to reasonable attorney fees, costs, judgments, settlement payments and penalties, arising out of the management and operation of the Cooperative, unless the litigation, claim or other proceeding resulted from the willful misconduct of such person.

21. INSURANCE

The Cooperative may buy and maintain insurance on behalf of the trustees for any liability asserted against a trustee arising out of their relationships with the Cooperative.

22. COOPERATIVE TERMINATION

Notwithstanding anything contained herein to the contrary, upon dissolution of the Cooperative, assets will first be used to pay all debts and obligations; remaining Cooperatives shall be distributed for IRC 501(c)(3) public purposes through pro rata distributions to such Cooperative Members which are school districts or local governments or state agencies of the State of Texas as have contributed to the Cooperative, from the date of founding, forward, on a net cumulative basis, and which are Cooperative Members for the year(s) of dissolution. For purposes of the foregoing, a local government or state agency is an instrumentality or political subdivision for the State of Texas described in the Act, and whose income is described in IRC 115. The precise formula for distributions, and the timing thereof, shall be determined by the Board.

23. AMENDMENTS TO BYLAWS

The Board of the Cooperative may recommend such changes to the Bylaws, as it deems necessary or desirable. Amendment to the Bylaws may be made by the TASB Board of Directors after notice of the proposed amendments has been mailed to the members of the TASB Board of Directors at least ten (10) days prior to the day of the meeting to consider same.