

TASB BENEFITS COOPERATIVE BYLAWS

(Effective August 29, 2017)

The TASB Benefits Cooperative (“Benefits Cooperative”) is a cooperative created as an administrative agency of participating governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and other law, including but not limited to, Section 271.101 *et seq.* of the Texas Local Government Code. The Benefits Cooperative exists and operates under the Amended and Restated Interlocal Agreement (“Agreement”) made effective on October 1, 2012, through which participating governmental entities are members (“Benefits Cooperative Members” or “Members”).

1. PURPOSE AND OBJECTIVE

1.1 The general purposes and objectives of the Benefits Cooperative are to identify qualified providers of employee benefits and services, to relieve the burdens of the governmental purchasing function for Benefits Cooperative Members, to realize the potential economies of scale for governmental entities that elect to participate in the Benefits Cooperative, and to perform such other services as the Benefits Cooperative Board of Trustees (“Board” or “Trustees”) may authorize from time to time.

1.2 The Benefits Cooperative is a nonprofit contractual mechanism through which its Members may collectively or individually discharge their governmental functions of procuring employee benefits under the Interlocal Cooperation Act and other laws.

2. MEMBERSHIP

2.1 An entity that is eligible for Active, Associate, or Affiliate membership in the Texas Association of School Boards, Inc. (“TASB”) must be a member of TASB in order to participate in the Benefits Cooperative as a Member. Conversely, if an entity ceases to be an Active, Associate, or Affiliate member of TASB, then that entity is ineligible to participate in a future contract created by or through the Benefits Cooperative until the entity renews its membership with TASB. Notwithstanding the foregoing, an entity’s existing obligations shall continue as set forth in Article 3 (Withdrawal from Membership) below.

2.2 In addition to Active, Associate, or Affiliate members of TASB, membership in the Benefits Cooperative is open to any other unit of government, including a county, municipality, state agency or other entity which is authorized to be a party to an interlocal cooperation agreement under the Interlocal Cooperation Act, provided that the income from such entity qualifies for exemption under Section 115 of the Internal Revenue Code (“IRC”).

3. WITHDRAWAL FROM MEMBERSHIP

3.1 A Member may withdraw from the Benefits Cooperative as allowed by the Agreement, as well as other contractual commitments of the Benefits Cooperative or policies and procedures of

the Board. A Member that withdraws from the Benefits Cooperative must abide by and honor its pending contracts with any and all Benefits Cooperative providers until the current terms of said contracts expire. The Member must also honor any payment obligations to the Benefits Cooperative itself that relate to its business with the Benefits Cooperative's providers or the Member's participation in the Benefits Cooperative.

4. ESTABLISHMENT OF THE BOARD

4.1 The Benefits Cooperative shall be governed by the Board.

4.2 The Board shall govern and manage the Benefits Cooperative on behalf of its Members pursuant to, and in accordance with, the Agreement, these Bylaws, and Board policies. The Board shall have such other powers and duties as hereinafter set forth.

4.3 Though maintaining their official capacity as either elected officials or employees of governmental entities, Trustees shall act as representatives of all Members while serving on the Board of the Benefits Cooperative.

5. BOARD QUALIFICATIONS

5.1 Each Trustee appointed to the Board must be either an elected official or an employee of a Benefits Cooperative Member at the time of appointment. A Trustee who later vacates his or her position with that Member shall be deemed to have vacated his or her position on the Board simultaneously.

6. COMPOSITION OF BOARD

6.1 The Board shall be composed of seven (7) individuals, three (3) of whom shall be school board members and four (4) of whom shall be employees of Members. No Benefits Cooperative Member shall have more than one individual on the Board.

7. VACANCY

7.1 Any Trustee vacancy, whether for a full or partial term, shall be filled by the Board within 120 days of when the position becomes vacant. Regardless of the authorized Board size established by these Bylaws, each vacancy on the Board shall reduce the Board's full membership by one (1), for all purposes, including the determination of a quorum, until such time as the vacancy is filled. However, in no event shall the Board's membership constitute fewer than three (3) individuals.

8. REMOVAL

8.1 Any Trustee who is absent from three (3) consecutively scheduled meetings may be subject to removal from the Board by a majority vote of the remaining Trustees. Additionally, if a Trustee is unable or unwilling to serve, that Trustee's position may be declared vacant by a majority of the remaining Trustees.

9. TERM OF THE BOARD

9.1 The Board shall appoint Trustees to staggered terms, and the number of terms expiring over a three-year period shall be as even as possible. A term on the Board shall last for three (3) years and shall begin on the first day of March and end on the last day of February. A Trustee may be appointed to a maximum of four (4) terms, whether full or partial.

9.2 Notwithstanding the above, if a Trustee is appointed to a term and serves fewer than 120 days in that term, such time shall not be counted toward the Trustee's maximum time of service. Furthermore, if a Trustee ceases to serve as an elected official or employee of one Benefits Cooperative Member and assumes a similar position with another Member, such Trustee may be reappointed to the same term without the reappointment constituting a new partial term as long as the reappointment is made within 120 days of the Trustee's departure from the preceding Member.

10. MEETINGS

10.1 The Chair shall call meetings of the Board as follows:

- A. At least two (2) times annually for the regular transaction of business, and one of those must be during the summer for the Board's annual meeting.
- B. When any three (3) Trustees submit to the Chair a request in writing for a meeting. In such event, the Chair shall then call a meeting within 30 days of the latest of the three (3) requests.
- C. At such other times when the Chair deems necessary.

10.2 Trustees shall have a minimum of 15 days written notice of any meeting of the Board. Notice may be fewer than 15 days if a majority of the full Board affirmatively waives such time period, in writing or by vote or other action. A Trustee'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 properly called or convened.

10.3 A meeting of the Board may be conducted in person or by alternate means, such as teleconference, videoconference, the Internet, or any other means by which each meeting participant can communicate with all other meeting participants. In person meetings may be held at the Benefits Cooperative's principal office in Austin, Texas, or at any other location upon proper notice to Trustees.

11. QUORUM AND VOTING

11.1 A majority 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, unless otherwise provided by these Bylaws.

11.2 On any occasion when a meeting is called and a quorum is not present, the Chair may conduct valid business by polling the Trustees who are present and then polling the absent Trustees by telephone or other electronic transmission. Similarly, on any occasion when the Chair deems that a meeting is not feasible, the Trustees may be polled by telephone or other electronic means. In

any poll taken by telephone or other electronic transmission, the Trustees who are polled shall confirm their action in writing, and such writing(s), or a summary record thereof, shall be made a part of the minutes. A majority of the full Board must concur for any action taken by poll.

12. OFFICERS

12.1 The Board shall elect the following Officers: Chair, Vice Chair, and Secretary. The Secretary need not be a Trustee of the Board.

12.2 The Board shall elect its Officers at the annual meeting during the summer to serve a one-year term.

13. CHAIR

13.1 The Chair shall preside at all meetings of the Board, perform such other duties as provided in these Bylaws, and have such other authority and powers as the Board may prescribe.

13.2 The Chair, on behalf of the Benefits Cooperative, shall have the authority to sign and execute all contracts and other instruments.

14. VICE CHAIR

14.1 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.

15. SECRETARY

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

15.2 The Secretary shall have charge of the Benefits Cooperative's books, records, and such other books and papers as the Board may direct and shall have the authority to sign and execute contracts and other instruments as delegated by the Board or Chair. The Secretary shall in general perform all duties incident to the office of Secretary subject to the control of the Board.

15.3 In any meeting of the Board at which both the Chair and Vice Chair are absent, the Secretary shall initially preside over such meeting for the sole purpose of having the Trustees elect a presiding officer for the duration of the meeting.

15.4 In the absence of the Secretary, the Chair may appoint any person, other than the Chair, to act as Secretary during such absence.

16. COMMITTEES

16.1 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 Benefits Cooperative.

16.2 Unless the Board has authorized otherwise, all committees shall cease to exist when the term of the Chair expires.

17. EXPENSE REIMBURSEMENT

17.1 The Trustees of the Board shall serve without compensation. In accordance with Board policy, the Benefits Cooperative may reimburse reasonable expenses incurred by Trustees in attending to the business of the Benefits Cooperative, including certain expenses which may be characterized as “compensation” for federal tax purposes. However, under no circumstance may a Trustee of the Board simultaneously serve as an employee, consultant, or independent contractor of the Benefits Cooperative or TASB (including TASB’s wholly owned subsidiary, First Public, LLC).

18. POWERS AND DUTIES

18.1 The Board, in addition to other powers and duties conferred and imposed or authorized by law, shall have the following powers and duties with respect to the Benefits Cooperative:

- 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 these Bylaws and to perform any of the functions necessary for carrying out the purposes of the Benefits Cooperative, including services to Members.
- B. The Board shall make provision for proper accounting and reporting procedures for Benefits Cooperative Members.
- C. The Board may require an audit of the annual financial statements of the Benefits Cooperative by a certified public accountant. In addition to having the annual financial statements audited, the Board may require such other audits at other times it deems appropriate.
- D. The Board shall carry out all of the duties necessary for the proper operation and administration of the Benefits Cooperative on behalf of its Members and, to that end, shall have all of the powers necessary for the effective administration of the affairs of the Benefits Cooperative.
- E. The Board shall arrange for the investing of assets of the Benefits Cooperative according to an approved investment policy. By resolution, the Board shall appoint one or more investment officers, who may or may not be on the Board, to be responsible for the investment of assets.

- F. The Board may require the securing of a fidelity bond upon the businesses or persons charged with the duty of handling any of the monies or investments of the Benefits Cooperative.
- G. The Board may hire or direct the hiring of an administrator, attorney, accountant, or other professional or service provider that it may deem necessary for the proper administration of the Benefits Cooperative.
- H. The Board shall have the authority, on behalf of all Benefits Cooperative Members, to terminate the membership of any Benefits Cooperative Member in accordance with its agreements, Bylaws, or Board policies.
- I. The Board shall have the discretion and authority to regulate the commencement, defense, or other appearance of the Benefits Cooperative in any litigation, claim, or dispute related to Benefits Cooperative matters, and to engage counsel and appropriate experts for the Benefits Cooperative, with respect to such litigation.

19. PRINCIPAL OFFICE

19.1 The principal office of the Benefits Cooperative is located at 12007 Research Boulevard, Austin, Texas 78759. The Benefits Cooperative also may have such other offices and places of operation as the Board may designate.

20. FISCAL YEAR

20.1 The fiscal year for the Benefits Cooperative shall begin on the first day of September and extend through the 31st day of August. Unless otherwise specified, any reference to “annual” or “annually” in these Bylaws shall mean the fiscal year of the Benefits Cooperative.

21. BOOKS AND RECORDS

21.1 The Benefits Cooperative shall keep books and records of account, minutes of the proceedings of the Board, and shall keep at its principal office a record of the names and addresses of its Members.

22. MISCELLANEOUS PROVISIONS

22.1 Any notice required or permitted by these Bylaws to be given to a Trustee, Member, or other person, may be given in person or by U.S. mail, facsimile, e-mail or other mode of delivery typically used in commerce and accessible to the intended recipient. If mailed, a notice is deemed delivered when deposited in the U.S. mail addressed to the person at his or her address as it appears in the Benefits Cooperative’s records, with postage prepaid. If given by facsimile, a notice is deemed delivered when printed confirmation of receipt is obtained from the transmitting mechanism. If given by e-mail, a notice is deemed delivered at the moment it is sent. A person or entity may give notice of a change in address in writing to the Secretary.

22.2 If the conclusion of any time period provided for herein falls on a weekend or a federal holiday, the conclusion of such time period shall be deemed to be extended until the next business day. Otherwise, references to time periods measured by days shall mean calendar days unless business days are specifically designated.

22.3 These Bylaws shall be construed under Texas law and venue for any proceeding arising out of or under these Bylaws shall lie in Travis County. All references in these Bylaws to statutes, regulations, or other sources of legal authority will refer to the authorities cited, or their successors, as they may be amended from time to time.

22.4 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 unregistered entities, such as the Benefits Cooperative.

22.5 If any Bylaws provision is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other provision, and the Bylaws will be construed as if they had not included the invalid, illegal, or unenforceable provision.

22.6 In the event any Bylaws requirement is not followed due to impossibility of performance, mistake, inadvertence, or other reason, the Board is authorized to remedy such failure to the fullest extent permitted by law. The remedy shall give effect to the intent and purpose of the Bylaws requirement and attempt to mitigate any harm as much as feasible.

23. GOVERNMENTAL IMMUNITY

23.1 To the greatest extent authorized by law, no provision of these Bylaws, or any Benefits Cooperative agreement, shall be construed to waive the Benefits Cooperative's governmental immunity, or that of any Member. The Benefits Cooperative and its Members expressly reserve their governmental and official immunities provided under law.

24. LIABILITY

24.1 To the fullest extent permitted by law, the Board, its administrator, endorsers, or sponsors, including their respective officers, board members, or employees, shall not be liable for any action or omission to act on behalf of the Benefits Cooperative or its Members unless caused by gross or willful misconduct, and all shall enjoy the broadest immunities afforded by law.

24.2 Notwithstanding the use of the term "Trustee" or "Trustees" throughout these Bylaws, the Board shall not be deemed to have the duties of a trustee under the Texas Trust Act or common law as they relate to trusts.

25. INDEMNIFICATION

25.1 The Benefits Cooperative shall indemnify, defend, and hold harmless (either directly or through insurance) each Officer and Trustee of the Board, 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 Benefits Cooperative, unless the litigation, claim or other proceeding resulted from gross or willful misconduct of such person. The Board, in its discretion, may have the Benefits Cooperative indemnify, defend, and hold harmless its administrator, endorser, sponsor, agent or representative, to the extent permitted by law.

26. TERMINATION AND DISSOLUTION

26.1 Termination of the Benefits Cooperative shall only occur by action of a two-thirds (2/3) majority of the full Board. Notwithstanding anything contained herein to the contrary, upon dissolution of the Benefits Cooperative, assets will be first used to pay all debts and obligations of the Benefits Cooperative and any remaining funds shall be distributed to its Members under a formula of distribution which shall be determined by the Board at the time of dissolution. The precise formula of distribution shall set forth the amount of distribution and the Members eligible for such distribution.

27. AMENDMENTS TO BYLAWS

27.1 These Bylaws may be amended by the affirmative vote of a majority of the full Board. However, the Board shall cause written notice of such amendment to be delivered to the President of TASB at TASB's principal office at least 90 days before the amendment is either adopted or scheduled to take effect. This notice requirement may be waived by TASB in writing.