

THE LOCAL GOVERNMENT PURCHASING COOPERATIVE BYLAWS

(As adopted by the TASB Board on August 12, 2007; effective on September 1, 2007)

The Local Government Purchasing Cooperative ("Cooperative") is created as an administrative agency of cooperating 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 Cooperative exists and operates under The Organizational Interlocal Agreement and interlocal participation agreements (collectively "Agreements") among participating governmental entities ("Cooperative Members").

1. PURPOSE AND OBJECTIVE

1.1 The general purposes and objectives of the Cooperative are to facilitate compliance with statutory procurement requirements, to identify qualified vendors of goods and services, to relieve the burdens of the governmental purchasing function, to realize the potential economies of scale for governmental entities which elect to participate in the Cooperative, and to perform such other services as the Cooperative Board of Trustees ("Board" or "Trustees") may authorize.

1.2 Each Cooperative Member shall abide by the Agreements, Bylaws, and policies of the Cooperative. The Cooperative is a nonprofit contractual mechanism by which Cooperative Members may collectively or individually discharge their governmental functions of purchasing goods and services under the Interlocal Cooperation Act and other law.

2. MEMBERSHIP

2.1 An entity that is eligible for "Active" or "Associate" membership in the Texas Association of School Boards, Inc. ("TASB"), as such terms are defined by TASB's bylaws, must be a member of TASB in order to participate in the Cooperative as a Cooperative Member. Conversely, if an entity ceases to be an Active or Associate Member of TASB, then that entity is ineligible to continue its participation in the Cooperative.

2.2 In addition to Active and Associate Members of TASB, membership in the 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 Any Cooperative Member may withdraw from the Cooperative in accordance with the provisions of the Agreements.

4. ESTABLISHMENT OF THE BOARD

4.1 The Cooperative shall be governed by the Board.

4.2 The Board shall govern and manage the Cooperative on behalf of Cooperative Members pursuant to, and in accordance with, the Agreements, Bylaws, and policies of the Cooperative, and the Board shall have the further functions, powers, and duties as hereinafter set forth.

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

5. BOARD QUALIFICATIONS

5.1 Each Trustee of the Board must be either an elected official or an employee of a Cooperative Member. Any Trustee 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.

6. COMPOSITION OF BOARD

6.1 The Board shall be made up of eleven (11) individuals appointed by the TASB President. Four (4) shall be elected officials or employees of school districts, two (2) shall be elected officials or employees of municipalities, one (1) shall be an elected official or employee of a county, and four (4) shall be at-large positions from any type of participating governmental entity.

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

7. VACANCY

7.1 Any vacancy on the Board, whether for a full or partial term, shall be filled within 60 days of when the position becomes vacant. If the appointment is not made within 60 days, the Board shall fill the vacancy. For all purposes, including the determination of a quorum, each vacancy on the Board shall reduce full membership of the Board by one (1) 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 Trustees shall serve in staggered terms, with at least three (3) terms expiring annually. A term on the Board shall be 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). Notwithstanding the preceding sentence, if a Trustee is appointed to a term and serves fewer than 60 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 Cooperative Member and assumes a similar position with another Cooperative 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 60 days of the Trustee's departure from the preceding Cooperative Member.

10. MEETINGS

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

- A. At least four (4) times annually for the regular transaction of business, and one of those meetings must be conducted in person during the summer.
- 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 that 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. With the exception of the summer meeting, most Board meetings shall be conducted by teleconference. In person meetings may be held at TASB's offices 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) shall be made part of the minutes. A majority of the full Board must concur for any action taken by poll.

12. OFFICERS

12.1 At its summer meeting, the Board shall elect the following Officers for a one-year term: Chair, Vice Chair, and Secretary. The Secretary may or may not be a Trustee of the Board.

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

16. COMMITTEES

16.1 The Chair may appoint an executive committee to handle the affairs of the Board between Board meetings on matters that have been delegated by the Board.

16.2 The Chair may appoint other committees of the Board as the Chair deems necessary to properly perform or more effectively carry out the mission and purposes of the Cooperative.

16.3 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 Cooperative may reimburse reasonable expenses incurred by Trustees in attending to the business of the 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 Cooperative.

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, which shall be exercised in the accomplishment of the Cooperative's 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 require an annual audit of the annual financial statements of the Cooperative. The audit shall be conducted by a certified public accountant. In addition to the annual audit the Board may require an audit 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 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.
- E. The Board shall arrange for the investing of assets of the Cooperative according to an approved investment policy. The Board shall appoint, by resolution, one or more

investment officers to be responsible for the investment of Cooperative assets and who may or may not be on the Board.

- 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 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 Cooperative.
- H. 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, or policies of the Cooperative or commits any other action that may be detrimental to the fiscal soundness or efficiency of the Cooperative.
- I. The Board shall have the discretion and authority to regulate the commencement, defense, or other appearance of the Cooperative and/or any past or current Cooperative Member in any litigation, claim, or dispute, related to Cooperative matters, and to engage counsel and appropriate experts for the Cooperative, and for and on behalf of all Cooperative Member(s), in respect of such litigation.

19. PRINCIPAL OFFICE

19.1 The principal office of the Cooperative is located at 12007 Research Boulevard, Austin, Texas 78759, and the mailing address is P.O. Box 400, Austin, Texas, 78767. The 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 Cooperative shall begin on the first day of September of each year and end on the 31st day of August of the succeeding year. Any reference to "annual" or "annually" in these Bylaws shall mean the fiscal year of the Cooperative.

21. BOOKS AND RECORDS

21.1 The 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 the Cooperative Members.

22. MISCELLANEOUS PROVISIONS

22.1 Any notice required or permitted by these Bylaws to be given to a Trustee, Cooperative 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 on the 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 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.

23. GOVERNMENTAL IMMUNITY

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

24. LIABILITY

24.1 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 all shall enjoy the broadest immunities permitted by law.

24.2 The Board shall not be deemed to have the duties of trustees under the Texas Trust Act or the common law relating to trusts, but shall be ordinary fiduciaries.

25. INDEMNIFICATION

25.1 The Cooperative shall indemnify, defend, and hold harmless (either directly or through insurance) any Officer or 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 Cooperative, unless the litigation, claim or other proceeding resulted from the

willful misconduct of such person. The Board may have the Cooperative indemnify, defend, and hold harmless its administrator, sponsor or any endorser, agent or representative it deems appropriate, to the extent permitted by law.

26. INSURANCE

26.1 The Cooperative may buy and maintain insurance on behalf of the Trustees for any liability asserted against a Trustee arising out of his or her relationship with the Cooperative.

27. COOPERATIVE TERMINATION AND DISSOLUTION

27.1 Termination of the 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 Cooperative, assets will be first used to pay all debts and obligations of the Cooperative, and any remaining funds shall be distributed to Cooperative 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 Cooperative Members eligible for such distribution.

28. AMENDMENTS TO BYLAWS

28.1 After September 1, 2007, these Bylaws may be amended by the affirmative vote of a majority of the full Board. Prior to the adoption of any proposed amendment to these Bylaws, however, the Board shall cause written notice of such amendment to be delivered to the President of TASB at TASB's principal office. Such notice shall be delivered not less than 90 days before the date of the Cooperative's Board meeting at which such amendment is to be considered for adoption. Notice may be waived by TASB in writing.