

## Claims Services Agreement

**AGREEMENT** made this \_\_\_ day of \_\_\_\_\_, 2022 by and between **TRISTAR Risk Management** a California corporation having its principal place of business at 100 Oceangate, Suite 840, Long Beach CA 90802 (“TRISTAR”), and **Williamson County Texas**, having its principal place of business at 100 Wilco Way, Ste. HR101, Georgetown, TX 78626 (“Customer”).

**WHEREAS**, Customer, as a qualified self-insured under applicable state law, has a self-insured retention program with respect to general liability and automobile liability, claims and claim expenses pertaining to Customer’s business (“SIR Program”) with a retention level as set forth in Schedule A attached hereto (“Retention Level”); and

**WHEREAS**, Customer has the sole responsibility to provide for competent claims administration and claims funding with respect to claims and/or losses and claims expenses arising within the SIR Program; and

**WHEREAS**, Customer desires to engage TRISTAR as the claims administrator with respect to those claims and/or losses arising under the SIR Program; and

**WHEREAS**, TRISTAR desires to accept such engagement pursuant to the terms and conditions of this Agreement;

**NOW, THEREFORE**, in consideration of the terms, conditions and other agreements set forth herein, TRISTAR and Customer hereby agree as follows:

### 1. Term

The term (“Term”) of this Agreement shall commence at 12:00 A.M. on October 1, 2021 (“Effective Date”) and shall remain in effect unless and until terminated in accordance with the provisions of Section 9 of this Agreement.

### 2. Engagement, Duties, and Authority of TRISTAR

**2.1** Customer hereby engages TRISTAR and TRISTAR hereby accepts such engagement as the claims administrator to represent and act for Customer with respect to all claims arising under the SIR Program, occurring during the Term, reported to TRISTAR during the Term, and assigned to TRISTAR by Customer (“Claims”). Claims shall consist of:

i) “*Takeover Claim(s)*” which shall be defined as any Claim reported to TRISTAR that has been handled by Customer or any preceding manager or administrator prior to being assigned to TRISTAR and is open and pending as of the Effective Date; and

ii) “*Newly Reported Claim(s)*” which shall be defined as any Claim other than Takeover Claims.

**2.2** The terms and conditions of this Agreement will continue to apply during the Term and during any period Claims continue to be handled by TRISTAR. In consideration of payment of the agreed-upon fees as set forth in this Agreement, TRISTAR agrees to perform the following services (“Services”) during the Service Period as defined in Schedule A and any extension or renewal thereof, if applicable, with respect to the Claims. Subject to the authority limits stated below, TRISTAR shall:

**2.2.1** provide to Customer the following basic services (“Basic Services”):

- i) establish and maintain an electronic file with respect to each Claim (“Claim File”); such Claim Files shall include accurate records and accounts of all transactions with respect to Claims; and be maintained in accordance with prudent standards of record keeping;
- ii) conduct analysis of Claims to determine their validity in accordance with Claims’ guidelines as may be agreed to by TRISTAR and Customer;
- iii) establish case-specific reserves, adjust, resist, deny and/or settle Claims:
  - up to the authority limit set forth in Schedule A (“Settlement Authority”);
  - in excess of the Settlement Authority at the direction of and with the approval of the Customer;
- iv) upon approval or at the direction of Customer, use legal counsel where appropriate and assist legal counsel in the preparation of cases for hearings, trials and/or appeals;
- v) comply with the Banking and Funding Schedule attached hereto as Schedule D which Schedule governs the operation of an account maintained pursuant to Section 4 (“Account”);
- vi) pursue, as deemed appropriate by TRISTAR, reasonable possibilities of subrogation, contribution, or indemnity (not insurance or reinsurance recoveries) on behalf of Customer and deposit all recovery amounts in the Account;
- vii) refer all regulatory complaints to Customer and cooperate with Customer to resolve such complaints;
- viii) report cases involving suspected fraud to the appropriate state mandated agency and when reporting to the state insurance department is required, use an internal special investigative unit or contract with an entity to provide such services;
- ix) provide TRISTAR’s standard claims reports to Customer; and
- x) make payments of valid claims for compensation, rehabilitation expenses, and other required benefits payable under applicable insurance laws, together with Allocated Loss Adjustment Expenses (as defined in Section 12), out of funds provided by the Customer pursuant to Section 3 hereof subject to the limitations and requirements of this Agreement.

**2.2.2** provide to Customer information services in accordance with the provisions of Schedule B attached hereto (“Information Services”); and

**2.2.3** provide, or use vendors to provide, specialty services (“Specialty Services”) such as claim call-in reporting (telephonic, electronic, fax or internet), Special Investigation (SIU), and index bureau reports. Specialty Services are charged as Allocated Loss Adjustment Expenses (as defined in Section 12) or, where required by state law, as loss.

### **3. Duties of Customer**

**3.1** Customer shall:

**3.1.1** promptly forward, or cause to be forwarded to TRISTAR, all claims, claim forms, demands, notices, inquiries or correspondence concerning or related to Claims;

**3.1.2** at the time that Claims are assigned to TRISTAR, provide TRISTAR with a copy of any investigative and pertinent material;

**3.1.3** not comment upon, discuss with third parties, or independently adjust, attempt to settle, or otherwise process Claims without prior written notice to TRISTAR;

- 3.1.4** comply with the Banking and Funding Schedule as respects the operation of the Account including Customer's obligation to provide funds to TRISTAR for the payment of all Claims and Allocated Loss Adjustment Expenses;
- 3.1.5** cooperate with TRISTAR with respect to the performance of Claim services, including, but not limited to: responding promptly to TRISTAR's requests for information; providing timely direction to TRISTAR for matters exceeding its authority; meeting with TRISTAR, as may be needed; and making decisions as required by this Agreement and within such time periods as to meet all legal requirements applicable to the obligations under this Agreement;
- 3.1.6** report to any and all insurers, reinsurers or intermediaries all facts, notices, documents, and information sufficient to comply with reporting requirements of said insurers or reinsurers regarding the Claims hereunder. TRISTAR shall make no such reports unless specifically requested in writing by Customer, or as specifically provided in this Agreement. TRISTAR shall however cooperate with Customer with respect to Customer's obligations to insurers and reinsurers;
- 3.1.7** be responsible for managing the vendors (other third party administrators and other services) Customer has contracted with and meeting all requirements in connections therewith. TRISTAR will have no responsibility or liability for the obligations of vendors or Customer in connection with the services provided by such vendors and Customer shall indemnify, hold harmless, and defend TRISTAR against any such liability, except that TRISTAR shall cooperate with the vendors Customer contracted with and assist Customer with respect to such vendor requirements; and
- 3.1.8** perform all such other actions and things reasonably necessary or otherwise required to enable TRISTAR to perform its services under this Agreement.
- 3.2** Customer represents and warrants that it is and shall remain throughout the Term a qualified self-insured under applicable state law.
- 4. Payment of Claims and Allocated Loss Adjustment Expense(s)**
- 4.1** In addition to the invoices for Fees and Expenses (as defined in Subsection 5.5) addressed in Section 5 below, all Claims obligations, including loss, indemnity, and Allocated Loss Adjustment Expenses and other Claim-related expenses, are the obligations of Customer and shall be funded by Customer as provided in the Banking and Funding Schedule. Customer acknowledges that at no time will TRISTAR be obligated to make any payments out of TRISTAR funds.
- 4.2** Unless otherwise agreed by TRISTAR and Customer, Specialty Services which are listed on Schedule C attached hereto shall be provided by TRISTAR's Preferred Provider network, which may include TRISTAR, its affiliates and subsidiaries (including TRISTAR Managed Care, Inc. ("TMC")), or third parties. Specialty Services will be charged to Customer as Allocated Loss Adjustment Expenses or, where required by state law, as loss. Customer understands and agrees that TRISTAR may receive compensation in connection with the Specialty Services, either by retaining a portion of the fees and expenses charged to the Account, or by receiving fees from preferred providers. The amount TRISTAR retains or receives will vary depending upon the preferred provider, and may be calculated based on percentage of savings, percentage of revenue to the provider, or TRISTAR's mark-up of provider fees. The amounts retained or received by TRISTAR in connection with Specialty Services are in addition to the Fees and Expenses paid to TRISTAR by Customer under Section 5 of this Agreement. The fees set forth on Schedule C may be adjusted from time to time with thirty (30) days' prior notice.

## 5. Payment of Fees, Expenses, and Taxes

- 5.1** For Basic Services and Information Services performed, TRISTAR shall be entitled to and Customer shall pay the fees and expenses, including Reimbursable Expenses (as defined in Subsection 5.2), calculated and earned in accordance with this Section 5 and Schedule A.
- 5.2** TRISTAR shall be reimbursed for those expenses which are incurred by TRISTAR in the rendering or performance of services and not incorporated in the Basic Fee (“Reimbursable Expenses”). TRISTAR shall follow Customer’s Vendor Reimbursement Policy, a current copy of which is attached hereto as Schedule E, and as may be amended or updated during the duration of this Agreement.
- 5.3** For all services other than Basic Services, Information Services, and Specialty Services provided under this Agreement, Customer shall compensate TRISTAR in accordance with this Section 5 and Schedule A (“Additional Services Fees”), plus Reimbursable Expenses. Additional Services Fees and expenses charged pursuant to this Subsection 5.3 are in addition to those fees and expenses charged under Subsections 5.1 and 5.2.
- 5.4** If and to the extent Customer is not eligible for an exemption for Taxes (as defined herein), the following shall apply: Customer shall be responsible to pay directly to the applicable taxing authority or to TRISTAR, if imposed on TRISTAR, all federal, state and local taxes (other than net income taxes) which TRISTAR may be required to pay or collect or which may be incurred or assessed against TRISTAR or Customer, under any existing or future law, relating to the sale, delivery, rendering or provision of services by TRISTAR to Customer (“Taxes”).
- 5.5** TRISTAR shall submit itemized invoices to Customer for all fees, Reimbursable Expenses, and, if applicable, Additional Services Fees and Taxes (“Fees and Expenses”) incurred in accordance with this Section 5 on a monthly basis and such invoice shall be paid by Customer to TRISTAR upon receipt of same.

**Payment for goods and services shall be governed by Chapter 2251 of the Texas Government Code. An invoice shall be deemed overdue the 31st day after the later of (1) the date Customer receives the goods under the contract; (2) the date the performance of the service under the contract is completed; or (3) the date Customer’s Auditor receives an invoice for the goods or services. Interest charges for any overdue payments shall be paid by Customer in accordance with Texas Government Code Section 2251.025. More specifically, the rate of interest that shall accrue on a late payment is the rate in effect on September 1 of Customer's fiscal year in which the payment becomes due. The said rate in effect on September 1 shall be equal to the sum of one percent (1 %); and (2) the prime rate published in the Wall Street Journal on the first day of July of the preceding fiscal year that does not fall on a Saturday or Sunday.**

## 6. Records: Inspection, Access, and Ownership

- 6.1** Customer shall at all times retain the ownership of the Claim Files and Claims data (collectively, “Claim File Information”). Customer acknowledges that TRISTAR has a right of continuing possession and access to the Claim File Information, including any accessing software, hardware, and systems to permit TRISTAR to fulfill all of its obligations under this Agreement, whether before or after termination, including in the event of any dispute or legal action between the parties.
- 6.2** Claim File Information shall, upon thirty (30) days prior written notice to TRISTAR, be available for on-site audit, review, and/or inspection by duly authorized representatives of Customer and by regulatory authorities having appropriate jurisdiction; however, the parties agree that if there are any such audits, reviews, and/or inspections including reasonable follow-up of the activities of TRISTAR by Customer, regulatory authorities or other parties, or any combination thereof, TRISTAR shall be compensated in accordance with Subsection

5.3 for its involvement with any such audit(s), reviews, and/or inspections. TRISTAR agrees that Customer or its duly authorized representatives shall, until the expiration of three (3) years after final payment under this Agreement, have access to and the right to examine and photocopy any and all books, documents, papers and records of TRISTAR which are directly pertinent to the Services to be performed under this Agreement for the purposes of making audits, examinations, excerpts, and transcriptions. TRISTAR agrees that Customer shall have access during normal working hours to all necessary TRISTAR facilities and shall be provided adequate and appropriate workspace in order to conduct audits in compliance with the provisions of this section. Customer shall give TRISTAR reasonable advance notice of intended audits.

- 6.3** At the conclusion of TRISTAR's obligation to handle Claims and subject to TRISTAR's receipt of all Fees and Expenses due TRISTAR, TRISTAR shall send directly to Customer or a third party selected by Customer i) an electronic copy in TRISTAR's then current format of the Claim File Information, and ii) all open and closed physical Claim Files, if any (collectively, "Transfer Services") in accordance with Subsection 9.3. Customer hereby acknowledges that Customer, such third party selected by Customer, or any succeeding administrator is responsible for retaining Claim File Information that is transferred to it for the longest of the following time periods:
- i) for five (5) years from the closing of the Claim;
  - ii) for the duration of any applicable regulatory requirement or state law; or
  - iii) for the duration of the applicable Statute of Limitations.

## **7. Limitation of Damages**

- 7.1** To the extent authorized by Texas law and notwithstanding anything in this Agreement to the contrary, UNDER NO CIRCUMSTANCES AND UNDER NO LEGAL THEORY (TORT, WARRANTY, CONTRACT, OR OTHERWISE) SHALL TRISTAR BE LIABLE TO CUSTOMER, OR ANY OTHER PERSON, OR ENTITY FOR ANY ACT PERFORMED, OR ANY FAILURE TO ACT, ON BEHALF OF CUSTOMER OR ANY OTHER PERSON OR ENTITY OR IN THEIR INTEREST, THE MULTIPLIED PORTION OF ANY MULTIPLIED DAMAGES, INDIRECT, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, EXTRA-CONTRACTUAL, PUNITIVE, OR SPECIAL DAMAGES OF ANY CHARACTER, OR ANY DAMAGES FOR WHICH THE LAW OR PUBLIC POLICY PROHIBITS INDEMNIFYING OR INSURING EVEN IF TRISTAR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
- 7.2** As used in this Section 7, the terms "TRISTAR" and "Customer" shall include, respectively, the directors, officers, employees, contractors, subcontractors, agents and other representatives of TRISTAR or Customer.
- 7.3** The provisions of this Section 7 shall survive the termination of this Agreement.

## **8. Confidentiality, Privacy of Claim File Information**

- 8.1** The parties acknowledge that in the course of dealings between each other:
- 8.1.1** subject to applicable law, including but not limited to the Texas Public Information Act, each party will acquire from the other information about business activities and operations, technical information and trade secrets, all of which are highly confidential and proprietary ("Confidential Business Information"). Confidential Business Information shall not include (i) information already known to a party; (ii) information which now is or hereafter becomes publicly known through no wrongful act of a party; (iii) information received by a party from a third party without similar restriction and without

breach of this Agreement; (iv) information independently developed by a party; (v) information approved for release by written authorization of the other party; and (vi) information which, after notice to a party providing a reasonable opportunity to contest disclosure, must be disclosed pursuant to the requirements of a governmental agency or a final binding order of a court of competent jurisdiction; and

- 8.1.2 each party may gain access to and/or generate information of Customer's consumers, customers, insureds or claimants which may include personally identifiable, financial and/or health information which may be protected by federal, state and local laws ("Protected Information").
- 8.2 In the event a party provides its Confidential Business Information and/or Protected Information (collectively "Confidential Information") to the other party ("Receiving Party"), such Confidential Information shall be provided subject to the following confidentiality terms:
  - 8.2.1 A party's Confidential Information shall be safeguarded by the Receiving Party with at least as great a degree of care as the Receiving Party uses to safeguard its own most confidential materials or information relating to its own business.
  - 8.2.2 The Confidential Information must be circulated, quoted, disclosed, or distributed solely on a "need to know basis" and only to employees, attorneys, or consultants of the Receiving Party ("Representatives") after such Representatives have been informed of and agreed to be bound by this duty of confidentiality. Further, a Receiving Party agrees to obligate each of its Representatives to a level of care sufficient to protect the Confidential Information from unauthorized use or disclosure.
  - 8.2.3 A Receiving Party and its Representatives shall not further circulate, quote, disclose or distribute any of the Confidential Information except as permitted under this Section 8.
- 8.3 The provisions of this Section 8 shall survive the termination of this Agreement.

## 9. Termination

- 9.1 This Agreement shall be terminated in accordance with any of the following subsections of this Section 9:
  - 9.1.1 Either party may terminate this Agreement by giving at least thirty (30) days' prior written notice of termination to the other party, such termination to be effective no sooner than the first (1<sup>st</sup>) anniversary of the Effective Date.
  - 9.1.2 Upon a material breach by TRISTAR or Customer in the performance of its duties or responsibilities as provided in this Agreement, the non-breaching party may advise the breaching party of said material breach by written notice. Except for breach by Customer for failure to pay Fees and Expenses or a breach by Customer for failure to fund the Account as required in this Agreement ("Monetary Breach"), the breaching party shall then have thirty (30) days from the date of written notice within which to cure said breach. For Monetary Breach, the Customer shall have five (5) business days from date of written notice within which to pay overdue Fees and Expenses to TRISTAR or to fund the Account as required. The non-breaching party shall have the right to terminate this Agreement upon written notice to the breaching party if the breaching party fails to cure said material breach within the specified time period.
  - 9.1.3 This Agreement shall immediately terminate at the election of either party upon the occurrence of any of the following events with respect to the other party: its insolvency, its inability to meet its debts as they mature, its filing of a petition of voluntary bankruptcy under any chapter of the US

bankruptcy laws, institution of proceedings to adjudge it bankrupt in an involuntary proceeding, filing of a petition for rehabilitation or liquidation, execution of an assignment for the benefit of creditors, its appointment by a court of a receiver, trustee, rehabilitator or liquidator, or its dissolution.

- 9.2** If this Agreement is terminated pursuant to Section 9.1, TRISTAR shall cease the handling of all Claims as of the effective date of termination (“Termination Date”) and TRISTAR shall have no more obligations with respect thereto.
- 9.3** Upon termination of this Agreement:
- 9.3.1** TRISTAR and Customer shall perform all of their respective obligations in accordance with the terms of this Agreement whether to be performed before or after the Termination Date until the conclusion of TRISTAR’s obligation to handle Claims as set forth in Section 9.2 and Schedule A. At that time and upon TRISTAR’s receipt of payment of all earned but unpaid Fees and Expenses, TRISTAR shall provide the Transfer Services in accordance with Subsections 6.3 and 9.3.2.
- 9.3.2** Unless this Agreement has been terminated by Customer for cause pursuant to either Subsection 9.1.2 or 9.1.3, Customer shall reimburse TRISTAR for all fees and expenses incurred by TRISTAR (“Transfer Fees”) in connection with the Transfer Services. These Transfer Fees shall be considered Additional Services Fees and calculated in accordance with Section 5.3. Transfer Fees shall include, but not be limited to:
- i) the actual costs incurred (examples: packing materials and shipping expenses in the event there are physical Claim Files); plus
  - ii) TRISTAR’s fees for its services in effecting such transfer (examples: hourly fees for clerical labor to inventory, sort, pack, and ship such Claim Files; hourly fees for data processing labor to perform data extract and testing with receiving vendor; fees for production of notification letters to claimants, attorneys, and medical providers).
- 9.3.3** As respects all Claims, Customer shall remain liable for the funding of the Account in accordance with Section 4 and the payment of all Fees and Expenses in accordance with Section 5 that they would have been liable for had the Agreement not been terminated.

## **10. Independent Contractor**

TRISTAR and its affiliates, shall act as an independent contractor(s) in providing services to Customer hereunder. Neither this Agreement nor the performance thereof by TRISTAR shall create nor be deemed to create any employer-employee, joint venture or partnership relationship between TRISTAR or any of its affiliates, officers, directors or employees, on the one hand, and Customer or any of its affiliates, officers, directors or employees, on the other hand.

## **11. Force Majeure**

If any cause or condition shall occur beyond the control of TRISTAR which wholly or partially prevents the performance by TRISTAR of its obligations hereunder, including, without limitation, any act of God or the public enemy, fire, explosion, flood, earthquake, war, riot, adverse weather conditions, pandemic, epidemic, breakdowns in equipment or facilities, strike, slowdown, work stoppage or other labor trouble, then TRISTAR shall be excused from its obligations hereunder to the extent made necessary by such cause or condition and during the continuance thereof, and TRISTAR shall incur no liability by reason of its failure to perform the obligations so excused. Such cause or condition shall not, however, relieve Customer of the obligation to pay to TRISTAR fees

and charges due to TRISTAR for services rendered and expenses incurred hereunder prior to such stoppage.

**12. Definition “Allocated Loss Adjustment Expense”**

- 12.1** For the purposes of this Agreement, Allocated Loss Adjustment Expense(s) (“Allocated Loss Adjustment Expense(s)”) shall mean any fee or expense which is chargeable or attributable to the investigation, coverage analysis, adjustment, negotiation, settlement, defense or general handling of any Claim(s) or action(s) related thereto, or to the protection and/or perfection of the Customer’s right of subrogation, contribution or indemnification, all as reasonably determined by TRISTAR.
- 12.2** Allocated Loss Adjustment Expense(s) may be incurred for services provided by TRISTAR, its affiliates and subsidiaries, or third parties and include, but are not limited to, the following:
- 12.2.1** attorney’s fees and disbursements incurred in connection with the determination of coverage and/or the adjustment, defense, negotiation or settlement of any Claim; attorney’s fees incurred for representation at depositions, hearings, pretrial conferences and/or trials;
- 12.2.2** fees and expenses incurred for: handling any Alternative Dispute Resolution (“ADR”) proceeding; legal actions, including trials or appeals; pursuing any declaratory judgment action, including deposition fees; cost of appeal bonds; court reporter or stenographic services, filing fees, and other court costs, fees and expenses; transcript or printing services and all discovery expenses; service of process; witnesses’ testimony, opinions, or attendance at hearings or trial;
- 12.2.3** fees and expenses for attendance at or participation in ADR proceedings, hearings, trials or other proceedings by TRISTAR personnel or its subcontractors;
- 12.2.4** statutory fines or penalties; pre- and post-judgment interest paid as a result of litigation, unless regulatory or reporting requirements define such interest as loss or indemnity payments;
- 12.2.5** subcontractors’ fees and travel expenses, including independent adjusters, automobile and property appraisers, to the extent that same are incurred in the adjustment, negotiation, settlement or defense of any Claim;
- 12.2.6** fees and expenses incurred in conjunction with the telephonic, web, or other electronic methods of reporting Claims as set forth on Schedule C;
- 12.2.7** experts’ fees and expenses including reconstruction experts, engineers, photographers, accountants, economists, metallurgists, cartographers, architects, hand-writing experts, physicians, appraisers and other natural and physical science experts, plus the fees and expenses associated with preparation of expert reports, depositions, and testimony;
- 12.2.8** fees and expenses for surveillance, undercover operative and detective services or any other investigations;
- 12.2.9** fees and expenses for: medical examinations, or autopsies, including diagnostic services, and related transportation services; durable medical equipment; and medical reports and rehabilitation evaluations, unless regulatory or reporting requirements define such fees and expenses as loss or indemnity payments;
- 12.2.10** fees and expenses for any public records, medical records, credit bureau reports, index bureau reports, and other like reports as set forth on Schedule C;

- 12.2.11** fees and expenses incurred where TRISTAR determines it is reasonable to pursue the rights of contribution, indemnification or subrogation of the Customer, including attorney and collection agency fees and/or expenses;
- 12.2.12** medical or vocational rehabilitation fees and expenses, and all other medical cost containment services, including, but not limited to utilization review and management, pre-audit admission authorization, hospital bill audit or adjudication, provider bill audit or adjudication, and medical case management, if applicable, unless regulatory or reporting requirements define such expenses as loss or indemnity payments as set forth on Schedule C; and
- 12.2.13** extraordinary travel and related fees and expenses incurred by TRISTAR at the express request of Customer, which are not otherwise payable under this Agreement.
- 12.3** With respect to TRISTAR's determination that a fee or an expense incurred pursuant to this Agreement is an Allocated Loss Adjustment Expense, TRISTAR makes no representation or warranty and assumes no responsibility that such determination (i) is in compliance with or meets the requirements of any statistical plan filing, statutory, regulatory, or insurance industry reporting scheme or the definition of "Allocated Loss Adjustment Expense" thereunder; (ii) is or could be characterized as payment of loss or indemnity; or (iii) is or is not subject to insurance or reinsurance coverage or limits. Customer agrees that it is responsible for making all such judgments and for complying with any and all such requirements.
- 13. MMSEA**
- 13.1** Section 111 of the Medicare, Medicaid, and SCHIP (State Children's Health Insurance Programs) Extension Act of 2007 (all of which together shall be referred to as "MMSEA") (P.L. 110-173), contains mandatory reporting requirements ("MIR") for group health plan arrangements and for liability insurance (including self-insurance), no-fault insurance, and workers' compensation (see 42 U.S.C. 1395y(b)(7) & (8)). As respects compliance with MMSEA under this Agreement:
- 13.1.1** Customer has the obligation to perform MIR requirements as respects Claims, register with the Centers for Medicare and Medicaid Services ("CMS") as a Responsible Reporting Entity ("RRE"), and provide to TRISTAR all relevant information including the RRE Identification Number(s) assigned. Customer has appointed the reporting agent(s) identified on Schedule A for the purpose of meeting MMSEA obligations including MIR requirements ("Reporting Agent(s)").
- 13.1.2** Reporting Agent services include determining Medicare eligibility, reporting to CMS eligible Claims using the mandated format for a determination of Medicare eligibility, processing error corrections, and providing quarterly reports. Where applicable, Reporting Agent should also respond to all inquiries and requests for conditional payments, comply with settlement approvals, negotiate and prepare claim set-aside agreements ("CSA's") and Medicare set-aside agreements ("MSA's").
- 13.1.3** Customer consents to the disclosure by TRISTAR of Claims information required by MIR to Reporting Agent or others for the purpose of providing MIR pursuant to this Agreement. Customer and TRISTAR agree that Claim data reported to or by CMS is confidential and each shall take reasonably necessary steps to protect the confidentiality of this data.
- 13.1.4** Customer agrees that fees and charges by Reporting Agent incurred for compliance with MMSEA and other related services shall be paid by Customer and charged against the Claim Files as Allocated Loss Adjustment Expenses. Such fees and charges are listed on Schedule C.

**14. Non-Hire**

**14.1** Without the written consent of the other, Customer and TRISTAR shall not:

- i) solicit for employment or employ any employee of the other who is or has been directly engaged in the performance of this Agreement; and
- ii) for a period of six (6) months following the termination of any employee who had been directly engaged in the performance of this Agreement, solicit for employment or employ such employee of the other.

**14.2** Customer agrees that: (i) the prohibition against solicitation and employment of TRISTAR employees by Customer in Section 14.1 without TRISTAR's written consent shall also apply to any affiliates of Customer; and (ii) that violation of this prohibition by Customer shall be deemed to be a material breach of this Agreement by Customer. For purposes of this Section 14.2, "Affiliates of Customer" includes any entity controlling, controlled by, or in common control with Customer or any entity in which Customer has an interest during the Term or with which Customer has entered into a contract.

**14.3** This provision shall not apply to any offer of employment by TRISTAR or Customer arising from a general employment solicitation to the public and not specifically directed at any employee of the other party who is directly engaged in the performance of this Agreement.

**14.4** The provisions of this Section 14 shall apply during the Term and the six (6) month period immediately following the Term.

**15. Notices**

**15.1** All notices or other communications required pursuant to Section 9 shall be in writing and sufficient if i) delivered personally; ii) sent by a nationally recognized overnight carrier; or iii) sent by registered or certified mail return receipt requested, postage prepaid and via email; and addressed as follows:

TRISTAR: TRISTAR Risk Management  
100 Oceangate, Suite 840  
Long Beach, CA 90802  
Attn.: Thomas J. Veale (Tom.Veale@tristargroup.net)

*With a copy to:* TRISTAR Insurance Group, Inc.  
100 Oceangate, Suite 840  
Long Beach, CA 90802  
Attn.: General Counsel's Office (Tim.McIntyre@tristargroup.net)

Customer: Williamson County Texas  
100 Wilco Way, Ste. HR101  
Georgetown, TX 78626  
Attn.:

**15.2** When required or issued pursuant to this Agreement, notices shall be deemed to have been given at the time i) when personally delivered, ii) upon the day following the day sent by overnight carrier, or iii) if mailed, upon the third (3<sup>rd</sup>) day after the date such notice is postmarked.

**16. State Amendment Requirements**

- 16.1** The Agreement shall be deemed to incorporate any and all provisions required by applicable state insurance laws, relating to insurance administrators or third party administrators, insofar as such provisions relate to the services performed by TRISTAR pursuant to the Agreement.

**17. General**

- 17.1** This Agreement constitutes the entire agreement of the parties and supersedes all previous agreements and/or contracts whether oral or written between them with respect to the subject matter hereof.
- 17.2** If any provision of this Agreement shall contravene or be invalid under the laws of the United States, the state in which enforcement is sought, or the regulatory requirements of such state, it is agreed that such provision shall not invalidate the whole Agreement but the Agreement shall be construed as if not containing the particular provision or provisions held to be invalid.
- 17.3** This Agreement may only be amended by a written instrument signed by the parties hereto.
- 17.4** The parties shall not disclose to any third party the terms and conditions of this Agreement, except as may be required by law, reasonable advice of its counsel, or the written consent of the non-disclosing party. Notwithstanding the aforementioned, this Agreement may be disclosed to the parties' representatives, accountants, attorneys, and advisors and to insurers of Customer, including excess insurers to and reinsurers of the SIR Program.
- 17.5** This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns. A party may not assign this Agreement or the services required herein without the prior written consent of the other party, which shall not be unreasonably withheld or delayed, except that TRISTAR may assign this Agreement to an affiliate or subsidiary company, or a successor in interest by acquisition or merger provided that such succeeding company shall assume all rights and obligations under this Agreement.
- 17.6** Except as otherwise provided herein, nothing in this Agreement is intended or shall be construed to give any person, other than the parties hereto, their respective successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.
- 17.7** A party hereto shall not be deemed to have waived any rights or remedies accruing to it hereunder unless such waiver is in writing and signed by such party. No delay or omission by a party hereto in exercising any right shall operate as a waiver of said right on any further occasion.
- 17.8** Wherever approval of a party is required under this Agreement, it shall not be unreasonably withheld or delayed.
- 17.9** The captions are for convenience of reference only and shall not control or affect the meaning or construction of any provision of this Agreement.
- 17.10** This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.
- 17.11** The exchange of copies of this Agreement and of signature pages by e-mail transmission shall constitute effective execution and delivery of this Agreement and may be used in lieu of the original/ for all purposes. Signatures of the parties transmitted by e-mail shall be deemed to be their original signatures for all purposes.

- 17.12 This Agreement shall be interpreted and construed in accordance with the internal laws of the State of Texas without regard to conflicts of law.
- 17.13 Each party represents to the other that it is authorized to enter into this Agreement and that its entry into this Agreement does not and will not violate the terms of any judgment, decree or ruling or any contract with any third party.
- 17.14 Each party agrees to act in good faith in the performance of its obligations under this Agreement.

**TRISTAR AND CUSTOMER CERTIFY BY THEIR UNDERSIGNED AUTHORIZED OFFICERS THAT THEY HAVE READ THIS AGREEMENT, INCLUDING ALL SCHEDULES AND EXHIBITS HERETO, AND AGREE TO BE BOUND BY ITS TERMS AND CONDITIONS.**

**TRISTAR Risk Management**

**Williamson County, Texas**

By *Denise Cotter*  
Name DENISE COTTER  
Title CHIEF FINANCIAL OFFICER  
Date 1-27-2022

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

## Schedule A

### General Information; Service Period; Fees and Expenses

This Schedule A shall be effective October 1, 2021 and it shall: i) apply to all Claims reported and all Information Services provided on or after that date, and ii) remain in effect until the parties agree on new rates.

The terms and conditions of the Agreement apply unless and to the extent modified or supplemented by the specific terms and conditions of this Schedule A.

#### A.1 General Information

##### A.1.1 Retention Level(s):

- i) Law Enforcement Liability: \$250,000
- ii) All other product lines: \$100,000

##### A.1.2 Settlement Authority: \$0

##### A.1.3 Reporting Agent(s):

- i) for MMSEA reporting to CMS: TRISTAR
- ii) for MMSEA compliance and other related services: TRISTAR's Preferred Provider, unless Customer directs the use of a different vendor.

#### A.2 Service Period

**A.2.1** In consideration of payment by Customer of the fees described in Section A.3, TRISTAR will provide the Services for the periods set forth below ("Service Period"):

**Basic Services.** TRISTAR will provide Basic Services for each Claim beginning on the date the Claim is reported to TRISTAR and ending on the sooner of:

- i) the date the Claim is closed; or
- ii) the effective date of termination of this Agreement in accordance with any provision of Section 9.

**Information Services.** TRISTAR will provide Information Services beginning on the Effective Date and ending on the date TRISTAR is no longer obligated to provide Basic Services as set forth above.

#### A.3 Basic Fees

**A.3.1 Flat Rates.** In consideration for the Basic Services, other than both Administration Services, as hereinafter defined, and Subrogation Services performed by TRISTAR during the Service Period for Claims, TRISTAR shall be entitled to and Customer shall pay TRISTAR in accordance with Section A.7 at the following flat rates per Feature or report, as indicated, subject to any increases made in accordance with Section A.4 ("Flat Rate(s)"):

- i) General Liability Bodily Injury: Nine Hundred Twenty-Five dollars (\$925) per Feature;
- ii) General Liability Property Damage: Four Hundred dollars (\$400) per Feature;
- ii) General Liability Professional Liability: One Thousand dollars (\$1,000) per Feature;
- iv) Automobile Liability Bodily Injury: Nine Hundred Twenty-Five dollars (\$925) per Feature;

- v) Automobile Liability Property Damage: Four Hundred dollars (\$400) per Feature;
- vi) Automobile Liability Physical Damage (1<sup>st</sup> party): Three Hundred Fifty dollars (\$350) per Feature; and
- vii) Report Only: Forty dollars (\$40) per report.

*Where:*

“**Feature**” shall mean each line of coverage for each person or entity making a claim under the SIR Program.

**A.3.2 Annual Admin/IS Fee.** In consideration for the general administration services (“Administration Services”) and Information Services (collectively, “Admin/IS Services”) performed by TRISTAR during the Service Period, TRISTAR shall be entitled to and Client shall pay TRISTAR, subject to any adjustments made in accordance with Section A.4, the following annual fee (“Annual Admin/IS Fee(s)”) each year in four (4) equal quarterly installments (“Quarterly Installment(s)”), in advance in accordance with Section A.7 for as long as Admin/IS Services are provided:

- i) Annual Admin/IS Fee(s): Two Thousand Five Hundred dollars (\$2,500);
- ii) Quarterly Installment(s): Six Hundred Twenty-Five dollars (\$625).

**A.3.3 Subrogation Services Fee.** In consideration for the Subrogation Services rendered by TRISTAR during the Service Period and in accordance with this Agreement, Customer agrees to pay TRISTAR a fee (“Subrogation Services Fee”) in accordance with Section A.7 subject to any increases made in accordance with Section A.4. The Subrogation Services Fee shall vary based on the value of the Claims and be determined in accordance with the following table:

<u>Claim Value</u>	<u>Subrogation Services Fee</u>
\$0 to \$1,000	\$125
\$1,001 to \$5,000	\$250
\$5,001 to \$10,000	\$375
>\$10,000	10% of recovery

**A.3.4 Fees for optional services requested by Customer.** In consideration for the services listed below (collectively, “Optional Service(s)”) rendered during the Service Period upon the request of Customer and in accordance with this Agreement, Customer agrees to pay TRISTAR at the following rates (“Optional Rates”) in accordance with Section A.7, subject to any increases made in accordance with Section A.4, for as long as the Optional Services are provided:

*If requested by Customer:*

- i) **For each additional user in excess of Three (3):** Seven Hundred Fifty dollars (\$750) per user (“Additional User Rate”);
- ii) **OSHA Reports:** Four Thousand dollars (\$4,000) per year (“OSHA Rate”);
- iii) **Standard Data File (monthly):** One Thousand Two Hundred dollars (\$1,200) per year (“Data File Rate”)
- iv) **Self-Insured Reports:** in accordance with TRISTAR’s rates, which vary by state, then in effect (“SIR Report Rate”); and
- v) **Customized Interface:** on a Time and Expense basis at the hourly rate of One Hundred Fifty dollars (\$150) (“Customized Interface Rate”).

The Additional User Rate, OSHA Rate, and Data File Rate each shall be pro-rated for each applicable Optional Service added at any time other than as of the Effective Date or a subsequent Increase Date, as hereinafter defined.

#### **A.4 Increases**

**A.4.1 Annual Increases.** As long as the Agreement applies to any Claims being handled by TRISTAR and with the prior written consent of the Customer, the Flat Rates, Annual Administration Fee, and Annual IS Fee, and Optional Rates (collectively, "Basic Fees") may be increased at any time on or after October 1, 2022 ("Increase Date") subject to the following:

- i) Each such increase shall apply to all Claims reported and all Administration Services and Information Services provided on or after each such Increase Date; and
- ii) There shall only be one (1) increase in each twelve (12) month period beginning on October 1 of each year.

**A.4.2 Increases due to Material Change in business terms.** In addition to the foregoing, Customer agrees that TRISTAR, in its sole discretion, reserves the right to make adjustments to the Basic Fees as it deems necessary in the event any of the following occurs:

- i) a material discrepancy is discovered in the historical data and any other information provided to TRISTAR by Customer or its representatives that is used by TRISTAR to develop the Basic Fees and this Agreement; and
- ii) there is a material change in the scope of services to be provided by TRISTAR, including the use of TRISTAR's Preferred Provider network.

#### **A.5 Additional Services Fees**

**A.5.1** The Basic Fees shall apply to Services, other than Specialty Services, rendered during the Service Period for Claims. Should TRISTAR be engaged by Customer to provide any other service, Customer shall pay TRISTAR for such services, in accordance with Section A.7, on a Time and Expense basis at TRISTAR's then current hourly rates unless other rates are mutually agreed upon ("Additional Services Fees").

#### **A.6 Expenses**

**A.6.1 Reimbursable Expenses.** Customer shall reimburse TRISTAR for Reimbursable Expenses.

**A.6.2 Taxes.** If Customer is required to pay Taxes, Customer shall pay Taxes.

#### **A.7 Payment**

**A.7.1** Notwithstanding any expiration or sooner termination of this Agreement:

- i) the Flat Rates shall be deemed fully earned, due, and nonrefundable in the month that a Claim is assigned to TRISTAR by Customer;
- ii) the Annual Admin/IS Fee shall be deemed fully earned, due, and nonrefundable upon the first (1st) day of each twelve (12) month period for which it is incurred; and
- iii) the Subrogation Services Fee shall be deemed fully earned, due, and nonrefundable when it is incurred.

*Optional Rates (if Optional Services requested by Customer and provided by TRISTAR):*

- iv) the Additional User Rate, OSHA Rate, and Data File Rate shall be deemed fully earned, due and non-refundable as of the date a new user is added or an Optional Service is provided, and each subsequent annual anniversary of the Effective Date; and

- v) the SIR Report Rate and Customized Interface Rate each shall be deemed fully earned, due, and nonrefundable when it is incurred.

**A.7.2** All Fees and Expenses shall be payable by Customer to TRISTAR in accordance with Section 5.5 of the Agreement and invoiced as follows:

- i) Flat Rates, Subrogation Services Fee, Additional Services Fees (if any), Optional Rates (if any), Reimbursable Expenses, and Taxes (if Customer is required to pay) shall be invoiced by TRISTAR at the end of the month in which they are incurred and/or assessed; and
- ii) The Annual Admin/IS Fee shall be invoiced by TRISTAR as of the Effective Date and every three (3) months thereafter as long as the Admin/IS Services are provided.

## Schedule B

### Information Services

The terms and conditions of the Agreement apply unless and to the extent modified or supplemented by the specific terms and conditions of this Schedule B.

#### **B.1 Scope of Services**

In consideration of the payment of the applicable fees calculated in accordance with Schedule A, TRISTAR shall furnish the following to Customer (“Information Services”):

- online access to TRISTAR’s claim system (“TRISTAR System”); and
- related materials.

#### **B.2 Limited Warranty**

TRISTAR MAKES NO WARRANTY OR REPRESENTATION RELATING TO TRISTAR SYSTEM, THE INFORMATION SERVICES, OR ANY OTHER SERVICES, OR MATERIALS PROVIDED IN CONNECTION THEREWITH. THE TRISTAR SYSTEM AND MATERIALS ARE FURNISHED AND ALL INFORMATION SERVICES ARE RENDERED ON AN “AS IS” BASIS WITHOUT ANY WARRANTY WHATSOEVER. TRISTAR DISCLAIMS AND EXCLUDES ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

#### **B.3 Limitation of Liability**

**B.3.1** Customer’s exclusive remedy for damage or loss in any way connected with any Information Services furnished by TRISTAR, whether by breach of warranty, negligence or any breach of any other duty, shall be for TRISTAR to refund the amount paid for the Information Services, for which a claim is made.

**B.3.2** Customer assumes sole responsibility for the selection of the Information Services, to achieve its intended results and for the use made and the result obtained. EXCEPT AS PROVIDED IN THIS SCHEDULE C, TRISTAR SHALL NOT BE LIABLE FOR DIRECT DAMAGES OR SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, EVEN IF TRISTAR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. WITHOUT LIMITING THE FOREGOING, TRISTAR IS NOT RESPONSIBLE FOR ANY COSTS INCURRED AS A RESULT OF THE USE OF THE INFORMATION SERVICES, INCLUDING WITHOUT LIMITATION, LOST PROFITS OR REVENUE, LOSS OF DATA, COSTS OF RECREATING DATA, THE COST OF ANY SUBSTITUTE EQUIPMENT OR PROGRAM, OR CLAIMS BY ANY THIRD PARTY. TRISTAR’S AGGREGATE LIABILITY ARISING FROM OR RELATING TO THIS AGREEMENT OR THE INFORMATION SERVICES IS LIMITED TO THE AMOUNT OF FEES THAT CUSTOMER HAS PAID IN CONNECTION WITH THE SERVICE FOR WHICH CUSTOMER CLAIMS TRISTAR’S BREACH OF THIS AGREEMENT. THE PROVISIONS OF THIS AGREEMENT THAT LIMIT TRISTAR’S WARRANTIES AND CUSTOMER’S REMEDIES REPRESENT AN ALLOCATION OF RISK BETWEEN TRISTAR AND CUSTOMER. TRISTAR’S PRICING REFLECTS THIS ALLOCATION OF RISK AND THE LIMITATION OF LIABILITY SPECIFIED HEREIN.

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## **B.4 Proprietary Rights**

- B.4.1** Customer's rights to Information Services under this Agreement may not be transferred, leased, assigned, or sublicensed except by written consent of TRISTAR, which TRISTAR may grant or withhold at its discretion.
- B.4.2** Customer acknowledges that the Information Services contain proprietary and confidential information and materials of TRISTAR which are protected as TRISTAR trade secrets and as copyrighted works, and which Customer may not copy, modify, or distribute except as authorized by TRISTAR. Customer agrees not to remove or deface any titles, trademarks, copyright notices, "restricted rights" or other proprietary legends affixed to or incorporated in the TRISTAR System or the Information Services.
- B.4.3** All systems created or utilized by TRISTAR in the performance of activities under this Agreement shall belong to, and shall remain the property of, TRISTAR and its affiliates, and Customer shall have no ownership interest therein. The term "systems" as used herein shall include, but shall not be limited to, computer programs, computer equipment, formats, risk data report formats, procedures, documentation and internal reports of TRISTAR and its affiliates, but such term shall not include Claims File Information.

## **B.5 Internet Use**

Information transmitted and received through the internet may be neither secure nor confidential and TRISTAR cannot and does not guarantee the privacy, security, authenticity, and non-corruption of any information so transmitted or stored in any system connected to the internet. TRISTAR shall not be responsible for any adverse consequences whatsoever of Customer's connection to or use of the internet, and TRISTAR shall not be responsible for any use by Customer of Customer's internet connection in violation of any law, rule, or regulation or any violation of the intellectual property rights of another.

## **B.6 Privacy**

- B.6.1** In the course of providing Information Services, TRISTAR may provide to Customer or Customer may gain access to or generate personally identifiable, financial and/or health information of consumers, insureds or claimants which may include confidential information (hereinafter collectively "Protected Information") which may be subject to federal, state and local laws. Customer acknowledges and agrees that it (i) shall at all times comply with all federal, state and local laws and regulations applicable to Protected Information and (ii) shall only use the Protected Information for the purposes for which it was provided under this Agreement and for no other purpose. Except as permitted by applicable law or as necessary to carry out its obligations under this Agreement, Customer shall not disclose, license, sell or otherwise transfer Protected Information to a third party.
- B.6.2** Customer shall immediately notify TRISTAR of any violations of any such law or regulation applicable to provision of services under the Agreement or of any complaint or judicial or administrative proceeding initiated concerning any actual or alleged violation of such law or regulation. Notwithstanding the termination or expiration of the Agreement, Customer shall comply with this Section B.6 with respect to all Protected Information in Customer's possession or in the possession of Customer's subcontractors or any other third party over which it has control.

## Schedule C Preferred Provider Specialty Services

*Schedule C is effective October 1, 2021 and is subject to change from time to time thereafter with thirty (30) days' prior notice. These Preferred Provider Specialty Services fees are paid as Allocated Loss Adjustment Expenses or, where required by state law, as loss.*

SERVICES	FEES
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OTHER SERVICES	
Special Investigations	Outsourced, at cost – typically \$89-95 per hour
Central Index Bureau/OFAC/CSE	\$18 per report
MSA Cost Projection	\$2,200 flat rate
Claim Reporting: Fax or Internet	\$10 per report
MMSEA Reporting	\$10 per claim
Mileage	IRS allowance rate

## Schedule D Banking and Funding

This Schedule D shall be effective October 1, 2021 and it shall: i) apply to all Claims obligations, including loss, indemnity, and Allocated Loss Adjustment Expenses and other Claim-related expenses, and ii) remain in effect until the parties agree otherwise.

The terms and conditions of the Agreement apply unless and to the extent modified or supplemented by the specific terms and conditions of this Schedule D.

### **1. Account for the Payment of Claims and Allocated Loss Adjustment Expense(s)**

- 1.1** All Claims obligations, including loss, indemnity, and Allocated Loss Adjustment Expenses and other Claim-related expenses, are the obligations of Customer and shall be paid by Customer.
- 1.2** Customer acknowledges and agrees that the depository bank for Customer funds provided to TRISTAR for the payment of Claims and Allocated Loss Adjustment Expenses shall be **Citizens Business Bank** (“CBB”).
- 1.3** Customer hereby authorizes TRISTAR to open an account with CBB in trust for (“ITF”) Customer to be used as the depository/funding account relating to the payment of Claims and Allocated Loss Adjustment Expenses (“Account”).

### **2. Duties of TRISTAR**

- 2.1** Any amounts collected by TRISTAR on behalf of or for Customer and any amounts received from Customer shall be deposited in the Account. Claims and Allocated Loss Adjustment Expenses for the Claims will be paid by checks showing the identity of Customer that are issued by TRISTAR against funds in this Account. CBB shall keep records clearly recording the deposits into and withdrawals from the Account and the balance held on behalf of Customer. When requested by Customer, but no more than once each month, TRISTAR shall cause CBB to render an accounting detailing all transactions with respect to the Account, which accounting shall be provided by TRISTAR to Customer.
- 2.2** TRISTAR shall collect, process, and report data in the manner prescribed by the Internal Revenue Service for the purpose of preparing Customer’s 1099 Miscellaneous Income filing with respect to the Claims and Allocated Loss Adjustment Expenses payments which are the subject of this Agreement. As respects the Account, TRISTAR shall file required Unclaimed Property reports.

### **3. Duties of Customer**

- 3.1** Customer shall:
  - 3.1.1** initially deposit in the Account an initial required balance set forth in Exhibit 1 attached hereto and made a part hereof (“Target Amount”); thereafter, maintain such required Target Amount by transferring additional funds to the Account at the interval indicated in Exhibit 1 so that it equals or exceeds the Target Amount. Customer agrees to increase the Target Amount upon request of TRISTAR, and in an amount to be determined by TRISTAR, within two (2) business days after Customer is notified by TRISTAR of the amount of the increase;
  - 3.1.2** maintain a minimum balance equal to or greater than Thirty (30%) percent of the Target Amount (“Minimum Balance”) in the Account at all times. On any day the Account balance is less than the Minimum Balance, Customer agrees to transfer sufficient funds to the Account within two (2)

business days after it is notified by TRISTAR so that the balance in the Account equals or exceeds the Target Amount;

- 3.1.3** transfer sufficient funds to the Account within two (2) business days of receipt of each request from TRISTAR to cover each obligation for Claims or Allocated Loss Adjustment Expenses exceeding Twenty-Five (25%) percent of the Target Amount (“Cash Call”) that have been or are expected to be paid on behalf of Customer;
- 3.1.4** be liable for and pay any and all overdraft amounts including bank fees and charges and interest thereon. In the event TRISTAR pays any such amounts on Customer's behalf pursuant to TRISTAR's agreement with the Bank, Customer shall reimburse TRISTAR upon demand within two (2) business days after Customer is notified by TRISTAR; and
- 3.1.5** except as provided in Section 3.1.4 above, not be responsible for fees charged by CBB to administer the Customer transactions and the Account. However, earnings or credits earned are applied toward such bank fees, with the excess, if any, retained by TRISTAR.
- 3.2** The Customer shall provide such documents, written authorizations or resolutions, in a form required or acceptable to the Bank, authorizing TRISTAR and/or the Bank to effect the funding and payment arrangement agreed to under this Schedule D.
- 3.3** In the event of any dispute between TRISTAR and Customer regarding the propriety of any request for additional funds as contemplated by Subsection 3.1 above, or regarding the propriety of TRISTAR's actions in paying or determining to pay a Claim or Claims or an Allocated Loss Adjustment Expense, Customer shall nonetheless permit or make the payments to the Account under a reservation of rights so that Customer may enforce its rights with respect to any such payments or any other matters relating to this Schedule D.
- 3.4** The Customer's obligations under this Section 3 have been duly authorized by all necessary corporate action of the Customer and do not and will not violate any provision of law or of the Customer's charter, or by-laws, or require any consent or result in the breach of any agreement to which the Customer is a party or by which it may be bound or affected.

Exhibit 1  
To Schedule D

Citizens Business Bank Account #: 43036394

*If blank, TRISTAR will notify Customer of the assigned Account number once the Account is established.*

Target Amount: \$10,000

Funding Frequency: Customer shall fund the Account through the Federal Reserve:

- on any day the Account balance is less than the Minimum Balance; and
- upon notification of a Cash Call; and
- each month.

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## Schedule E

### **Williamson County Vendor Reimbursement Policy**

The purpose of this Williamson County Vendor Reimbursement Policy ("Policy") is to provide clear guidelines to vendors on Williamson County's expectations and requirements regarding allowable reimbursable expenditures and required backup. The Policy will also minimize conflicts related to invoice payments and define non-reimbursable items. This Policy is considered a guideline and is not a contract.

This Policy may be altered, deleted or amended, at any time and without prior notice to vendors, by action of the Williamson County Commissioners Court. Unenforceable provisions of this Policy, as imposed by applicable law, regulations, or judicial decisions, shall be deemed to be deleted. Any revisions to this Policy will be distributed to all current vendors doing business with the County.

#### **1. Invoices and Affidavits**

- 1.1 Invoices must adequately describe the goods or services provided to County and include all required backup (i.e. reimbursable expenses, mileage log, timesheets, receipts detailing expenses incurred etc.) that is in a form acceptable to the Williamson County Auditor. Invoices that do not adequately describe the goods or services provided to County or contain backup that is satisfactory to the Williamson County Auditor will be returned to vendor for revisions and the provision above relating to invoice errors resolved in favor of the County shall control as to the required actions of vendor and when such invoice must be paid by the County.
- 1.2 In the event an invoice includes charges based upon hourly billing rates for services or any other rates based upon the amount of time worked by an individual or individuals in performing services, whether the charges are being billed directly to the County or whether they are the basis of invoices from subcontractors for which the vendor seeks reimbursement from the County, the charges shall be accompanied by an affidavit signed by an officer or principal of the vendor certifying that the work was performed, it was authorized by the County and that all information contained in the invoice that is being submitted is true and correct.
- 1.3 Upon County's request, vendor must submit all bills paid affidavits wherein vendor must swear and affirm that vendor has paid each of its subcontractors, laborers, suppliers and material in full for all labor and materials provided to vendor for or in connection with services and work performed for County and, further, vendor must swear and affirm that vendor is not aware of any unpaid bills, claims, demands, or causes of action by any of its subcontractors, laborers, suppliers, or material for or in connection with the furnishing of labor or materials, or both, for services and work performed for County.

#### **2. Travel Reimbursement**

- 2.1 The County will only cover costs associated with travel on vendors outside a 50 mile radius from Williamson County, Texas.
- 2.2 The County will only cover costs associated with travel as documented work for County. If a vendor is also doing business for another client, the travel costs must be split in proportion to the amount of work actually performed for County and the other client. The only allowable travel expense will be for the specific days worked for Williamson County.
- 2.3 No advance payments will be made to vendor for travel expenditures. The travel expenditure may only be reimbursed after the expenditure/trip has already occurred and vendor has provided the Williamson County Auditor with all necessary and required backup.

- 2.4 Vendors must submit all travel reimbursement requests on each employee in full. Specifically, a travel reimbursement request must include all related travel reimbursement expenses relating to a particular trip for which vendor seeks reimbursement. Partial travel reimbursement requests will not be accepted (i.e. vendor should not submit hotel and mileage one month then the next month submit rental car and airfare). If the travel reimbursement appears incomplete, the invoice will be sent back to the vendor to be submitted when all information is ready to submit in full.
  - 2.5 Reimbursement for transportation costs will be at the most reasonable means of transportation (i.e.: airline costs will be reimbursed for coach rate, rental car costs will only be reimbursed if rental car travel was most reasonable means of travel as compared to travel by air).
  - 2.6 The County will not be responsible for, nor will the County reimburse additional charges due to personal preference or personal convenience of individual traveling.
  - 2.7 The County will not reimburse airfare costs if airfare costs were higher than costs of mileage reimbursement.
  - 2.8 Additional expenses associated with travel that is extended to save costs (i.e. Saturday night stay) may be reimbursed if costs of airfare would be less than the cost of additional expenses (lodging, meals, car rental, mileage) if the trip had not been extended. Documentation satisfactory to the Williamson County Auditor will be required to justify expenditure.
  - 2.9 County will only reimburse travel expense to necessary personnel of the vendor (i.e. no spouse, friends or family members).
  - 2.10 Except as otherwise set forth herein, a vendor must provide a paid receipt for all expenses. If a receipt cannot be obtained, a written sworn statement of the expense from the vendor may be substituted for the receipt.
  - 2.11 Sales tax for meals and hotel stays are the only sales taxes that will be reimbursed. Sales tax on goods purchased will not be reimbursed. A sales tax exemption form is available from the Williamson County Auditor's Office upon request.
  - 2.12 The County will not pay for any late charges on reimbursable items. It is the responsibility of the vendor to pay the invoice first and seek reimbursement from the County.
- 3. Meals**
- 3.1 Meal reimbursements are limited to a maximum of \$50.00 per day on overnight travel. On day travel (travel that does not require an overnight stay), meal reimbursements are limited to a maximum of \$20.00 per day. The travel must be outside the Williamson County, Texas line by a 50 mile radius.
  - 3.2 Receipts are required on meal reimbursement amounts up to the maximum per day amount stated for overnight or day travel. If receipts are not presented, the vendor can request per diem (per diem limits refer to 3.2). However, a vendor cannot combine per diem and meal receipts. Only one method shall be allowed.
  - 3.3 Meals are reimbursable only for vendors who do not have the necessary personnel located within a 50 mile radius of Williamson County, Texas that are capable of carrying the vendor's obligations to County. Meals will not be reimbursed to vendors who are located within a 50 mile radius of Williamson County, Texas.
  - 3.4 County will not reimburse for alcoholic beverages.
  - 3.5 Tips are reimbursable but must be reasonable to limitation of meal allowance
  - 3.6 No meals purchased for entertainment purposes will be allowed.
  - 3.7 Meal reimbursement must be substantiated with a hotel receipt.

**4. Lodging**

- 4.1 Hotel accommodations require an itemized hotel folio as a receipt. The lodging receipt should include name of the motel/hotel, number of occupant(s), goods or services for each individual charge (room rental, food, tax, etc.) and the name of the occupant(s). Credit card receipts or any other form of receipt are not acceptable.
- 4.2 Vendors will be reimbursed for a single room rate charge plus any applicable tax. If a single room is not available, the vendor must provide documentation to prove that a single room was not available in order to justify the expense over and above the single room rate. A vendor may also be required to provide additional documentation if a particular room rate appears to be excessive.
- 4.3 Personal telephone charges, whether local or long distance, will not be reimbursed.

**5. Airfare**

- 5.1 The County will only reimburse up to a coach price fare for air travel.
- 5.2 The County will exclude any additional charges due to personal preference or personal convenience of the individual traveling (i.e. early bird check in, seat preference charges, airline upgrades, etc. will not be an allowable reimbursement)
- 5.3 Air travel expenses must be supported with receipt copy of an airline ticket or an itinerary with actual ticket price paid. If tickets are purchased through a website, vendor must submit a copy of the webpage showing the ticket price if no paper ticket was issued.
- 5.4 Cancellation and/or change flight fees may be reimbursed by the County but vendor must provide the Williamson County Auditor with documentation in writing from a County department head providing authorization for the change.
- 5.5 The County will not reimburse vendor for tickets purchased with frequent flyer miles.

**6. Car Rental**

- 6.1 Vendors that must travel may rent a car at their destination when it is less expensive than other transportation such as taxis, airport shuttles or public transportation such as buses or subways.
- 6.2 Cars rented must be economy or mid-size. Luxury vehicle rentals will not be reimbursed. Any rental costs over and above the cost of a mid-size rental will be adjusted.
- 6.3 Vendors will be reimbursed for rental cars if the rental car cost would have been less than the mileage reimbursement cost (based on the distance from vendor's point of origin to Williamson County, Texas) had the vendor driven vendor's car.
- 6.4 Vendors must return a car rental with appropriate fuel levels as required by rental agreement to avoid the car rental company from adding fuel charges.
- 6.5 Rental agreement and credit card receipt must be provided to County as back up for the request for reimbursement.
- 6.6 Insurance purchased when renting vehicle may also be reimbursed.
- 6.7 Car Rental optional extras such as GPS, roadside assistance, and administrative fees on Tolls will not be reimbursed.

**7. Personal Car Usage**

- 7.1 Personal vehicle usage will be reimbursed in an amount equal to the standard mileage rate allowed by the IRS.
- 7.2 Per code of Federal Regulations, Title 26, Subtitle A, Chapter 1, Subchapter B, Part IX, Section 274(d), all expense reimbursement requests must include the following:
  - 7.2.1.1 Date
  - 7.2.1.2 Destination
  - 7.2.1.3 Purpose

## 7.2.1.4 Name of traveler(s)

## 7.2.1.5 Correspondence that verifies business purpose of the expense

- 7.3 The mileage for a personal vehicle must document the date, location of travel to/from, number of miles traveled and purpose of trip.
- 7.4 Mileage will be reimbursed on the basis of the most commonly used route.
- 7.5 Reimbursement for mileage shall not exceed the cost of a round trip coach airfare.
- 7.6 Reimbursement for mileage shall be prohibited between place of residence and usual place of work.
- 7.7 Mileage should be calculated from employee's regular place of work or their residence, whichever is the shorter distance when traveling to a meeting or traveling to Williamson County, Texas for vendors who are located outside of Williamson County, Texas by at least a 50 mile radius.
- 7.8 When more than one person travels in same vehicle, only one person may claim mileage reimbursement.
- 7.9 Tolls, if reasonable, are reimbursable. Receipts are required for reimbursement. If a receipt is not obtainable, then written documentation of expense must be submitted for reimbursement (administrative fees on Tolls will not be reimbursed).
- 7.10 Parking fees, if reasonable are reimbursable for meetings and hotel stays. For vendors who contract with a third party for visitor parking at vendor's place of business, Williamson County will not reimburse a vendor based on a percentage of its contracted visitor parking fees. Rather, Williamson County will reimburse Vendor for visitor parking on an individual basis for each time a visitor uses Vendor's visitor parking. Receipts are required for reimbursement. If a receipt is not obtainable, then written documentation of expense must be submitted for reimbursement.
- 7.11 Operating and maintenance expenses as well as other personal expenses, such as parking tickets, traffic violations, and car repairs and collision damage are not reimbursable.

**8. Other Expenses**

- 8.1 Taxi fare, bus tickets, conference registrations, parking, etc. must have a proper original receipt.

**9. Repayment of Nonreimbursable Expense.**

Vendors must, upon demand, immediately repay County for all inappropriately reimbursed expenses whenever an audit or subsequent review of any expense reimbursement documentation finds that such expense was reimbursed contrary to these guidelines and this Policy. Williamson County reserves the right to retain any amounts that are due or that become due to a vendor in order to collect any inappropriately reimbursed expenses that a vendor was paid.

**10. Non-Reimbursable Expenses**

In addition to the non-reimbursable items set forth above in this Policy, the following is a non-exhaustive list of expenses that will not be reimbursed by Williamson County:

- 10.1 Alcoholic beverages/tobacco products
- 10.2 Personal phone calls
- 10.3 Laundry service
- 10.4 Valet service (excludes hotel valet)
- 10.5 Movie rentals
- 10.6 Damage to personal items
- 10.7 Flowers/plants

- 10.8 Greeting cards
- 10.9 Fines and/or penalties
- 10.10 Entertainment, personal clothing, personal sundries and services
- 10.11 Transportation/mileage to places of entertainment or similar personal activities
- 10.12 Upgrades to airfare, hotel and/or car rental
- 10.13 Airport parking above the most affordable rate available
- 10.14 Excessive weight baggage fees or cost associated with more than two airline bags
- 10.15 Auto repairs
- 10.16 Babysitter fees, kennel costs, pet or house-sitting fees
- 10.17 Saunas, massages or exercise facilities
- 10.18 Credit card delinquency fees or service fees
- 10.19 Doctor bills, prescription and other medical services
- 10.20 Hand tools
- 10.21 Safety Equipment (hard hats, safety vests, etc.)
- 10.22 Office Supplies
- 10.23 Lifetime memberships to any association
- 10.24 Donations to other entities
- 10.25 Any items that could be construed as campaigning
- 10.26 Community outreach items exceeding \$2 per item
- 10.27 Technology Fees
- 10.28 Sales tax on goods purchased
- 10.29 Any other expenses which Williamson County deems, in its sole discretion, to be inappropriate or unnecessary expenditures.