

VILLAGE FIRE DEPARTMENT
INTERLOCAL COOPERATION AGREEMENT

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This Interlocal Cooperation Agreement is entered into on the 20th day of December, 1978, by and between the City of Bunker Hill Village, Texas ("Bunker Hill"), the City of Hedwig Village, Texas ("Hedwig"), the City of Hilshire Village, Texas ("Hilshire"), the City of Hunters Creek Village, Texas ("Hunters Creek"), the City of Piney Point Village, Texas ("Piney Point"), and the City of Spring Valley, Texas ("Spring Valley"), all of which cities are hereinafter sometimes referred to as the "contracting cites."

ARTICLE 1.

RECITALS

1.01. For a number of years, each of the cities of Bunker Hill, Hedwig, Hilshire, Hunters Creek, Piney Point, and Spring Valley has contracted on an annual basis with the Spring Branch Fire Department, Incorporated, a non-profit corporation organized and existing under the laws of the State of Texas, for fire protection and emergency ambulance service for the property and inhabitants within its municipal boundaries. Each of said existing contracts with the Spring Branch Fire Department, Inc., expires on December 31, 1978. Such cities now wish to establish a common municipal fire department to provide fire protection and emergency ambulance service for the property and inhabitants of each such city from and after January 1, 1979.

1.02. In furtherance of the creation of such common municipal fire department, it is anticipated that the Spring Branch Fire Department, Inc., will be dissolved and, following the payment of any and all of its liabilities, the assets of such Department will be transferred to the respective contracting cities, each such city to receive that proportionate share of such assets equal to its proportionate contribution to the Spring Branch Fire Department, Inc., from 1973 through 1978, both inclusive. In turn, each contracting city will transfer its proportionate share to such assets to the common municipal fire department for the latter's use and benefit.

1.03. It is the desire of the contracting cities that such common municipal fire department shall be jointly owned and operated by such contracting cities; that it shall be known as the "VILLAGE FIRE DEPARTMENT"; and that it shall be created and established pursuant to the authority granted by the Interlocal Cooperation Act, Chapter 513, page 1971, Acts of the 62nd Legislature of the State of Texas, 1971, Regular Session, as amended, compiled as Article 4413 (32c), Vernon's Texas Civil Statutes.

1.04. To supervise and administer the provisions of this agreement and the affairs of such VILLAGE FIRE DEPARTMENT, it is the desire of the contracting cities to create a Board of Commissioners of the VILLAGE FIRE DEPARTMENT, hereinafter sometimes referred to as the "Board of Commissioners"

1.05. The contracting cities intend to, and do hereby, agree that the VILLAGE FIRE DEPARTMENT and its Board of Commissioners shall enjoy the privileges and immunities of a municipal fire department under the laws of the State of Texas and the United States of America.

1.06. Bunker Hill, Hedwig, Hilshire, Hunters Creek, Piney Point, and Spring Valley wish to contract with each other to create the VILLAGE FIRE DEPARTMENT, such department to furnish fire protection and emergency ambulance service to each of the contracting cities, subject to the supervision and administration of its Board of Commissioners.

1.07. In consideration of the foregoing and of the mutual benefits to be derived hereunder, the contracting cities, and each of them, do hereby agree, covenant, and bind themselves to the terms and provisions of this agreement.

ARTICLE 2.

TERM

Subject to the rights of termination set forth in ARTICLES 13 and 14 hereof, the term of this agreement shall be for a period of twelve years, beginning January 1, 1979, and terminating on December 31, 1990, and shall be automatically renewed for additional periods of five years each on its anniversary-termination date, unless written notice of termination or dissolution is received from one or more of the contracting cities at least four months (by September 1) prior to the expiration date of this agreement. (Amend 2 7/1985)

ARTICLE 3.

VILLAGE FIRE DEPARTMENT

3.01. The contracting cities, each and all, do hereby create, pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, the VILLAGE FIRE DEPARTMENT, which shall be jointly owned and operated by the contracting cities, for the furnishing of fire prevention, protection, suppression, investigation and emergency ambulance service to the contracting cities and to the property and inhabitants therein and thereof. (Amend #4 3/9/2000)

3.02. The VILLAGE FIRE DEPARTMENT shall provide personnel to prevent, investigate, and suppress fire and to furnish emergency ambulance service to all of the contracting cities. All such personnel shall be commissioned as firefighters, and arson investigators shall be commissioned as peace officers, by each of the contracting cities. (Amend #4 3/9/2000)

ARTICLE 4.

BOARD OF COMMISSIONERS

4.01. The affairs of the VILLAGE FIRE DEPARTMENT shall be administered by a Board of Commissioners. The Board of Commissioners shall consist of one commissioner from each of the contracting cities. Each of the contracting cities shall name its representative to such Board of Commissioners by formal resolution or ordinance of the governing body of such city. The commissioner thus named by any contracting city may be changed at will by formal resolution or ordinance of the governing body of such contracting city. In the event of such change of commissioners, the contracting city making such change shall immediately give notice thereof by furnishing a certified copy of such resolution or ordinance effecting such change to all other contracting cities. Notice shall be given in the manner provided for in ARTICLE 9 of this agreement.

4.02. In addition to its commissioner, each contracting city shall name one alternate commissioner, who shall serve in the event of the absence of the commissioner of such city.

Such alternate commissioner shall be named, and may be changed, in the same manner and with the same notice as a commissioner.

ARTICLE 5.

POWERS AND RESPONSIBILITIES OF BOARD OF COMMISSIONERS

5.01. The Board of Commissioners is specifically empowered to:

a. Adopt by-laws and rules of procedure for the orderly execution of its duties.

b. Prepare and submit an annual budget for the VILLAGE FIRE DEPARTMENT, on a calendar year basis, to each contracting city on or before June 30 of the year next preceding for the year for which the budget is proposed.

c. Collect the funds paid by each of the contracting cities for the providing of fire protection and emergency ambulance service as contracted for herein and pursuant to the formula for payment set forth herein.

d. Disburse the collected funds for the purposes and to the extent authorized in the budget approved by the contracting cities to procure and provide those services contemplated by this Agreement. Any intra-budget transfer of funds, regardless of amount, from a budgeted reserve for major capital items, and any intra-budget transfer of other funds or combination or accumulation of intra-budget transfers of such other funds in excess of \$10,000.00 **must first be approved by the favorable vote of the governing bodies of contracting cities representing at least seventy percent (70%) of the total fiscal voting strength of all such contracting cities in the Village Fire Department, as such fiscal voting strength is defined and determined by Sections 5.02 and 6.02 of this Agreement. All non-budgeted expenditures, regardless of amount, must first be approved by the governing body of each of the contracting cities. It is specifically provided, however, that the expenditure of funds from a budget contingency account would not constitute a non-budgeted expenditure. (Amend #1 4/1/1983)**

Funds budgeted as a reserve for major capital items shall be shown in the budget under an account entitled "Reserve For Major Capital Items". Such funds shall be invested by the **Board of Commissioners** in short term certificates of deposit or other interest bearing accounts. The

interest earned on such funds shall be credited to and become a part of the budgeted account "Reserve For Major Capital Items". (Amend #1 4/1/1983)

For the purpose of this agreement, the term "major capital items" shall mean fire fighting or emergency ambulance vehicles or apparatus having a value in excess of \$10,000.00. The funds budgeted to the account "Reserve For Major Capital Items", and all earnings thereon, may be expended only for major capital items, unless their expenditure for some other purpose, **which must relate to the affairs of the Village Fire Department**, is first approved by the governing bodies of contracting cities **representing at least seventy percent (70%) of the total fiscal voting strength of all such contracting cities in the Village Fire Department, as such fiscal voting strength is defined and determined by Sections 5.02 and 6.02 of this Agreement.** (Amend #1 4/1/1983)

In its submittal of each proposed budget, the Board of Commissioners shall indicate to the contracting cities its estimate of the amount of funds, budgeted and earned, which will be in the account "Reserve For Capital Items" **account** at the end of the then current fiscal year, and may request that such amount, together with such additional amount as the Board of Commissioners may deem appropriate, but budgeted under such account for the **next** succeeding year. (Amend #1 4/1/1983)

e. Prepare monthly statements of accounts, income received, and expenses paid during said month and cumulatively during the current calendar year. Copies of all such statements shall be delivered to each of the contracting cities each month.

f. Prepare a table of organization of the VILLAGE FIRE DEPARTMENT designed to provide for the orderly operation of the VILLAGE FIRE DEPARTMENT and the furnishing of the services described herein.

g. Prescribe the policies to be followed by the Chief of the VILLAGE FIRE DEPARTMENT in the use of department resources and the furnishing of the services described in the agreement.

h. Purchase, receive, lease, or otherwise acquire any and all personal property necessary to the performance of the fire and ambulance services described herein and prescribe standards of accountability, preservation, and use of such personal property.

i. Maintain accounting records in accordance with generally accepted accounting principles. Such records of account shall be kept at the office of the VILLAGE FIRE DEPARTMENT and shall be made available at all reasonable times for inspection by any duly authorized representative of any of the contracting cities.

j. To the extent permitted by law, enter into such contracts, within the limits of the applicable approved budget, and exercise all powers appropriate or necessary to effectuate any or all of the purposes and powers set forth herein.

k. To employ, assign, reassign, promote, demote, discipline and discharge any and all officers and employees of the Village Fire Department, all of whom shall serve and hold their offices or employment at the pleasure of the Board of Commissioners. It is specifically provided, however, that said Board of Commissioners may by resolution duly adopted delegate to the Fire Chief of said Department any or all of the following authority: to employ, assign, reassign, promote, demote, discipline, or discharge all or specified personnel within the Department. (Amend #1 4/1/1983)

l. Establish, impose, and collect reasonable charges for emergency medical services provided by the VILLAGE FIRE DEPARTMENT. (Amend #3 12/1/1995)

5.02. The Board of Commissioners shall hold at least ten meetings a year. A majority of the members of the Board shall constitute a quorum for the transaction of business. Any and all actions of the Board of Commissioners, other than actions relating to the expenditure of funds for major capital items, as that term is defined in ARTICLE 5, Section 5.01d hereof, and to the approval of a proposed budget, may be approved by a favorable vote of a majority of the members present. Any and all actions relating to the expenditures or disbursement of funds for major capital items and to the approval of a proposed budget must be approved by the favorable vote of a majority of the fiscal voting strength of the entire Board. Such fiscal voting strength shall be computed as follows:

The representative (Commissioner) of each contracting city shall have a vote equal in strength to such city's proportionate share or interest in the VILLAGE FIRE DEPARTMENT, as such proportionate share or interest is established under the provisions of ARTICLE 6 of this Agreement.

5.03. A member of the Board of Commissioners shall be designated as Chairman and another member designated as Vice Chairman. The positions of Chairman and Vice Chairman shall change on May 1 of each calendar year to insure that such positions will be rotated among the representatives of the contracting cities. From January 1, 1979, through April 30, 1979, the commissioner from Spring Valley shall be Chairman and the commissioner from Hunters Creek shall be Vice Chairman. From May 1, 1979, through April 30, 1980, the commissioner from Hunters Creek shall be Chairman and the commissioner from Hilshire shall be Vice Chairman. From May 1, 1980, through April 30, 1981, the commissioner from Hilshire shall be Chairman and the commissioner from Hedwig shall be Vice Chairman. The complete order of rotation of such positions by city shall be Hunters Creek, Hilshire, Hedwig, Bunker Hill, Piney Point, and Spring Valley. The authorities and duties of the Chairman and Vice Chairman shall be the same as the authorities and duties of the other commissioners, except that the Chairman shall call and preside at all meetings of the Board of Commissioners. The Vice Chairman shall call and preside at meetings in the absence of the Chairman. Meetings of the Board of Commissioners may also be called by a majority of the members of the Board. Notice of all meetings shall be given within the time and the manner required by law.

ARTICLE 6

APPROVAL AND FUNDING OF BUDGET

6.01. The proposed annual budget submitted to the contracting cities by June 30 of each year shall be either approved or rejected by each of the contracting cities on or before August 31 of such year. The failure of the governing body of a contracting city to reject such proposed budget by such date (August 31) shall constitute approval of such proposed budget by such city. If such proposed budget is timely rejected by a contracting city, notice of such rejection must be given by such rejecting city to all other contracting cities within three days of such rejection and the reasons for such rejection must be delivered to all other contracting cities within seven days of such rejection. The failure on the part of the rejecting city to give such notice or to perfect such delivery within the time specified shall constitute approval of such proposed annual budget by such city.

6.02. The provisions of this Section shall apply to the annual budget of the Village Fire Department of 1985 and all subsequent years. If the proposed annual budget is timely approved by at least a majority in number of the contracting cities, it shall constitute the official budget of the Village Fire Department for the ensuing calendar year. In such event, any contracting city which has rejected such budget shall have until September 30 of the year in which approval or rejection of such proposed budget is considered to approve the budget thus approved and continue as a participating city in the Village Fire Department. Failure of any such city to approve such budget by such date shall constitute notice of termination of this agreement by such city. In that event, and notwithstanding any other provision of the agreement, such city, or cities, may elect either (1) to remain in and receive the services of the Village Fire Department during the ensuing calendar year or (2) to withdraw from such Department as of December 31 of the then current calendar year. Notice in writing of such election must be given by such city or cities to the Board of Commissioners of the Village Fire Department and to the governing bodies of all other contracting cities on or before October 15 of such year. Failure to give such notice shall constitute an election to withdraw from the Department as of December 31 of the then current calendar year. (Amend #2 7/1985)

If any such city elects to remain in and receive the services of the Department during the ensuing calendar year, such city shall be obligated to, and by such election agrees to, pay its proportionate share of the annual budget of the Department for such ensuing year. The standards and procedures concerning the distribution of assets set forth in Article 13 of the Agreement shall govern and such distribution shall be made to the withdrawing city on or before the last day of such ensuing calendar year. (Amend #2 7/1985)

If any such city elects to withdraw from the Department as of December 31 of the year in which such proposed budget is considered and approved, the standards and procedures concerning the distribution of assets set forth in Article 13 hereof shall govern and such distribution shall be made to the withdrawing city on or before July 1 of the ensuing calendar year, or as soon thereafter as practical. (Amend #2 7/1985)

The withdrawal of a contracting city from the Village Fire Department under the provisions of this Article shall not relieve such city of any obligation or liability of the Department and its member cities which may have accrued prior to the effective date of such city's withdrawal. (Amend #2 7/1985)

6.03. Each of the contracting cities agree to provide funds for its proportionate share of each annual budget, as such budget is approved by the contracting cities for the Village Fire Department beginning with the calendar year 1985 and all subsequent years embraced within the term of this Agreement. The proportionate share of the various contracting cities shall be as follows:

Bunker Hill Village	19.00%
Hedwig Village	18.50%
Hilshire Village	3.00%
Hunters Creek Village	22.25%
Piney Point Village	21.00%
Spring Valley	16.25%

(Amend #2 7/1985)

6.04. On or before January 10 of each calendar year, each contracting city shall pay to the Village Fire Department three twenty-fourths of such city's share of the Department's budget for such year. Thereafter, on or before the 10th day of the months of February through November, each contracting city shall make monthly payments to the Department of one-twelfth of such city's share of the Department's current annual budget; and, on or before December 10 of such year, each contracting city shall make a payment to the Department of one twenty-fourth of such city's share of the Department's current annual budget. (Amend #2 7/1985)

ARTICLE 7.

USE OF LAND AND IMPROVEMENTS

7.01. Each of the contracting cities has acquired, or will acquire prior to January 1, 1979, an undivided interest in a leasehold estate in and to that certain tract of land situated in the City of Hedwig Village, Harris County, Texas, and more particularly described on Exhibit A attached hereto and made a part hereof for all purposes. It has been and it is hereby agreed that the contracting cities will share in the cost of a building, provided the initial cost thereof is first

approved by each of said cities, to be constructed on such tract of land at the earliest possible time and that such land and building may and shall be used and occupied exclusively by the VILLAGE FIRE DEPARMTNET for the duration of this agreement.

7.02. Each contracting city's interest in and to such leasehold estate and the building to be constructed thereon, and each such city's obligation with respect to the rental price of such land and the cost of constructing such building, shall be that percentage of such purchase price and cost of construction as the city's total assessed valuation of taxable property for municipal ad valorem tax purposes for the year 1978 bears to the total assessed valuation of taxable property for such purposes of all such contracting cities for the year 1978.

ARTICLE 8.

OWNERSHIP OF PERSONAL PROPERTY

To the extent permitted by law, the VILLAGE FIRE DEPARTMENT shall hold title to all equipment, vehicles, furniture, and supplies acquired and used by it. Such property shall be held in trust for the contracting cities.

ARTICLE 9.

NOTICE

Any notice required to be given by the terms of this agreement shall be given by registered or certified mail, return receipt requested, to the contracting cities at the following mailing addresses:

City of Bunker Hill Village
11977 Memorial Drive
Houston, Texas 77024

City of Hedwig Village
955 Piney Point Road
Houston, Texas 77024

City of Hilshire Village
8301 Westview
Houston, Texas 77055

City of Hunters Creek Village
1 Hunters Creek Place
Houston, Texas 77024

City of Piney Point Village
7676 Woodway, Suite 300
Houston, Texas 77063

City of Spring Valley Village
1025 Campbell Road
Houston, Texas 77055

Notice may be given also by actual delivery of such notice to the Mayor or City Secretary of the city in the office of such contracting city during normal business hours on any day other than a Saturday, a Sunday, or an official state or national holiday. Notice of change of address shall be given in like manner.

ARTICLE 10.

SERVICE OR PROCESS AND CITATION

10.01. Upon receipt of service of process naming the VILLAGE FIRE DEPARTMENT, as the fire department for the contracting cities, the Board of Commissioners shall cause a complete copy of such process to be delivered promptly to each of the contracting cities.

10.02. The Board of Commissioners of the VILLAGE FIRE DEPARTMENT is not authorized to and shall not accept service of citation or other process for the contracting cities upon any matter, including, specifically, matters which are the subject of the agreement.

ARTICLE 11.

INSURANCE

For the protection of the officers and employees of the VILLAGE FIRE DEPARTMENT, its Board of Commissioners, the contracting cities, their respective mayors, aldermen, officers, and employees, the Board of Commissioners shall obtain written proposals for and, by such process, shall acquire and maintain in force throughout the term of this agreement the following minimum insurance coverage:

- a. Workmen's compensation insurance.

b. Fidelity and surety insurance covering theft, embezzlement, and other wrongful fraudulent taking, pledging, appropriation, or use of any funds or property of the VILLAGE FIRE DEPARTMENT.

c. Comprehensive liability insurance coverage, and contractual coverage where applicable, on all such personnel in the amounts of \$500,000.00/\$1,000,000.00. Each contracting city shall also be named on the face of the policy as an insured.

d. Public liability insurance coverage on all vehicles providing coverage of \$100,000.00 for one person, \$300,000.00 for one accident, \$100,000.00 property damage. Each contracting city shall also be named on the face of the policy as an insured.

e. Physical damage insurance coverage on all vehicles for their actual cash values, less such comprehensive and collision deductible amounts as the Board deems reasonable and prudent.

f. An umbrella insurance policy, in excess of the limits prescribed in c. and d. above, providing at least \$1,000,000.00 in additional coverage. Each contracting city shall also be named on the face of the policy as an insured.

ARTICLE 12.

CONTROL OF PERSONNEL AND EQUIPMENT

All fire department personnel shall be under the direction, control and supervision of the VILLAGE FIRE DEPARTMENT. All vehicles and equipment owned and operated, either or both, by the VILLAGE FIRE DEPARTMENT shall be used only for official departmental business.

ARTICLE 12A

NEPOTISM

No person shall be employed by the Village Fire Department who is related within the second degree by affinity or within the third degree by consanguinity to the Chief of the Department, to a member or an alternate member of the Board of Commissioners of the Department, or to a member of the governing body of any of the contracting cities. It is specifically provided, however, that the foregoing prohibition shall not apply to or affect

the continued employment of a person within the Department who was employed or appointed to his position with the Department at least two years prior to the employment, appointment, or election of the person within the prohibited degree of relationship to him.
(Amend #1 4/1/1983)

ARTICLE 13.

TERMINATION OR NON-RENEWAL

Notice of termination or non-renewal of this agreement by a contracting city must be delivered at least four months (by September 1) prior to an anniversary date of this agreement. Upon timely delivery of notice of termination or non-renewal from one or more, not exceeding five, contracting cities, each of the remaining contracting cities shall have the right to terminate or not renew such agreement, provided it delivers notice of such fact on or before November 1 next following such initial notice of termination or non-renewal. Should one or more, not exceeding five, contracting cities give timely notice of such termination or non-renewal, the following procedures will be followed and shall control:

a. To permit an orderly transfer of property and shift of fire fighting responsibility, this agreement, after notice of termination or non-renewal, shall remain in force and effect for one additional year, such additional year to commence on the first anniversary date next following delivery of such notice. No further notice of termination or non-renewal need be given.

b. On or before the time of termination, the remaining contracting city or cities shall purchase for cash the terminating or non-renewing city's proportionate share or interest, as heretofore defined, in the assets, other than the leasehold estate and permanent improvements situated thereon, of the VILLAGE FIRE DEPARTMENT. The then fair market value of such assets shall be used in determining the value of such proportionate share and such city's proportionate share shall be based on its average participating percentage during the years it was a participating city in the VILLAGE FIRE DEPARTMENT. In the event the contracting cities cannot agree on the then fair market value of such assets, such value shall be determined by three qualified appraisers. One such appraiser shall be selected by the terminating or non-renewing city or cities; one shall be selected by the remaining city or cities; and the third appraiser shall be

selected by the two appraisers first selected. Each such appraiser shall make an independent determination of the fair market value of such assets. The three appraisals or determinations shall be averaged and such average shall be the basis from which the value of each city's proportionate share shall be computed.

The fair market value of such assets shall be determined, by agreement of the cities or by the appraisal method, on or before July 1 of the year next following the year in which notice of termination or non-renewal is given. Cash consideration shall be tendered to the terminating or non-renewing city or cities prior to the final effective date of this agreement, as provided for in ARTICLE 13a hereof. Upon the tender of such sum, such terminating or non-renewing city or cities shall surrender, on or before such final effective date, possession or right of possession of such assets and execute the necessary papers to evidence receipt of such consideration and to sell and transfer its or their interest in such assets to the remaining contracting city or cities.

c. The following shall apply with respect to land or leasehold estate and permanent improvements used and occupied by the VILLAGE FIRE DEPARTMENT. On or before the time of termination, the remaining contracting city or cities shall purchase for cash the terminating or non-renewing city's or cities' interest in the leasehold estate, itself, described on Exhibit A attached hereto and made a part hereof, for the sum of \$10.00, and shall purchase for cash such terminating or non-renewing city's or cities' interest in the permanent improvements situated on such land, such interest to be the proportionate percentage contribution toward the cost of constructing such permanent improvements by such city or cities, at each such city's proportionate share of the then cost of reconstructing such improvements new, less an adjustment for their actual age and condition and remaining right of use under the lease of the land upon which the same are situated. In the event the contracting cities cannot agree on the value of such improvements based on their reconstruction cost new less the adjustments described above, such value, to be ascertained by such method, shall be determined by three accredited members of the American Institute of Real Estate Appraisers. One such appraiser shall be selected by the terminating or non-renewing city or cities; one shall be selected by the remaining city or cities; and the third appraiser shall be selected by the two appraisers first selected. Each such appraiser shall make an independent determination of the cost of reconstructing new such improvements, less an adjustment for their actual age and condition and remaining right of use under the lease of

the land upon which they are situated. The three appraisals or determinations shall be averaged and such average shall constitute the value from which each city's proportionate share or interest shall be computed. The value of such improvements shall be determined, by agreement of the cities or by the appraisal method, on or before July 1 of the year next following the year in which notice of termination or non-renewal is given. Cash consideration shall be tendered to the terminating or non-renewing city or cities prior to the final effective date of this agreement, as provided for in ARTICLE 13a hereof. Upon the tender of such sum, such terminating or non-renewing city or cities shall surrender, on or before such final effective date, possession of such land and improvements and execute the necessary papers to evidence receipt of such consideration and to convey or assign its interest in such land or leasehold estate and improvements to the remaining contracting city or cities.

d. Notwithstanding any provision of this ARTICLE 13, the contracting cities may mutually agree to any other suitable withdrawal, terminating, and distribution procedure.

ARTICLE 14.

DISSOLUTION

This agreement shall be terminated and the VILLAGE FIRE DEPARTMENT dissolved upon receipt of timely notice of termination or non-renewal as prescribed herein from all the contracting cities. Upon timely delivery of notice of termination or non-renewal from all such contracting municipalities, the following procedures will be followed and shall control:

a. To permit an orderly transfer of property and shift of fire fighting responsibility, this agreement, after notices of termination or non-renewal, shall remain in full force and effect for one additional year, such additional year to commence on the first anniversary date of this agreement next following delivery of such notice. No further notice of termination or non-renewal need be given.

b. The assets of the VILLAGE FIRE DEPARTMENT, other than interests in land and permanent improvements situated thereon, shall be sold for the best price possible and the proceeds of such sale shall be distributed among the then participating cities according to each such city's average participation percentage during the years it was a participating city in such Department.

c. The leasehold estate and the permanent improvements used and occupied by the VILLAGE FIRE DEPARTMENT shall, to the extent permissible under such lease, be assigned or sold for the best price possible and the proceeds of such assignment and sale, either or both, shall be distributed among the cities then having an interest in such leasehold estate and permanent improvements according to each such city's proportionate percentage contribution toward the cost of constructing and, if applicable, purchase of such permanent improvements.

d. It is specifically understood and agreed that any of said then participating cities shall have the right to purchase any or all of said assets, leasehold estate, and permanent improvements, provided such city pays consideration for such assets, leasehold estate, and permanent improvements, any or all, equal to or in excess of that consideration offered or bid by any other person or organization.

e. Notwithstanding any provision of this ARTICLE 14, the contracting cities may mutually agree to any suitable dissolution and distribution procedure.

ARTICLE 15.

REMOVAL OF HEDWIG

Notwithstanding any other provision of this agreement, in the event that Hedwig, without its consent, is removed as a contracting and participating party by the other contracting cities, other than for its failure to approve a proposed budget, its failure to timely pay its share of an approved budget, or its breach of this agreement, Hedwig shall have the right to require, within the time and subject to the terms and conditions hereafter set forth, such other contracting cities to cease any and all operations on and from the leased premises (as described on Exhibit A attached hereto) and the permanent improvements situated thereon, to transfer and assign their interests therein to Hedwig, and to surrender possession thereof to Hedwig.

Should Hedwig desire to assert its rights and assume its obligations hereunder, the following procedure, terms, and conditions will control:

Within ninety days after such removal, Hedwig must notify each of the remaining contracting cities that, because of such removal, it is invoking its rights and assuming its obligations under the provisions of ARTICLE 15 of this Interlocal Cooperation Agreement.

Within three years after the date of such notice in writing, the remaining contracting cities must cease any and all operations on or from such leased premises and permanent improvements, transfer and assign all of their right, title, and interest in and to the same to Hedwig, and surrender possession thereof to Hedwig, provided they are first compensated by Hedwig as follows:

Hedwig must pay to each of the remaining contracting cities an amount of money equal to the value of such remaining contracting city's proportionate interest in such leased premises and such permanent improvements, such values to be determined in the manner prescribed in ARTICLE 13 hereof, or an amount of money equal to such remaining contracting city's actual contribution toward the construction cost of such permanent improvements, which ever is greater.

Such payments by Hedwig must be made to such remaining contracting cities on or before 15 months from the date of such notice in writing or, if Hedwig prefers, as an alternative it may, within such 15 month period, escrow such funds with any duly chartered banking institution in Harris County, Texas.

Should Hedwig choose to make such payments to such remaining contracting cities, upon receipt of the same of each of such other cities shall deliver to Hedwig duly authorized and executed documents transferring and assigning to Hedwig all of such other city's right, title, and interest in and to such leased premises and permanent improvements. In addition, from the date of such payments until such remaining contracting cities cease any and all operations on and from such leased premises and permanent improvements and surrender possession thereof to Hedwig, which in no event shall exceed three years from the date of such notice in writing, said remaining contracting cities shall pay to Hedwig, monthly in advance, the fair rental value of such permanent improvements. If Hedwig and such remaining contracting cities cannot agree on such rental value, the same shall be determined by three accredited members of the American Institute of Real Estate Appraisers who shall be appointed and who shall arrive at a fair monthly rental value in a manner consistent with the procedure provided in ARTICLE 13 of this agreement.

Should Hedwig elect to escrow such funds rather than pay them to the remaining contracting cities, an appropriate escrow agreement shall be entered into by the parties and the

escrow agent. Such agreement shall provide that such funds shall be paid over to the remaining contracting cities according to their respective proportionate interests in such permanent improvements, which proportionate interests shall be set for in the escrow agreement, upon such cities certifying in writing to the escrow agent that they have ceased any and all operations on and from such leased premises and permanent improvements and that the date of such cessation occurred prior to three years after the date of Hedwig's notice in writing, and upon delivery by such cities to the escrow agent of duly authorized and executed documents transferring and assigning all of their respective right, title, and interests in and to such leased premises and permanent improvements to Hedwig. Such escrow agreement shall provide further that Hedwig shall be entitled to any and all interest earned by such funds while they are escrowed and shall be responsible for any charges of the escrow agent.

The foregoing notwithstanding, it is specifically understood and agreed that the aforementioned payments by Hedwig to the remaining contracting cities shall not be required if the term of the lease (under which such leased premises were leased by the Spring Branch Independent School District to the contracting cities) expires within the three year period immediately following the date of Hedwig's said notice in writing. In that event, upon termination of such lease, the remaining contracting cities shall cease any and all operations on or from such leased premises and permanent improvements; however, such remaining contracting cities shall retain any rights they may have under such lease to remove permanent improvements from the leased premises.

ARTICLE 16.

DAMAGES FOR BREACH

Maintaining uninterrupted fire prevention and suppression and emergency ambulance service in each contracting city is of paramount importance. Therefore, each contracting city agrees that the terms of this agreement will be deemed to be breached by a contracting city (1) upon a contracting city's failure to timely remit (within thirty days) its proportionate share of the budgeted funds, as provided for herein; or (2) upon the withdrawal of the contracting city from this agreement in a manner inconsistent or not in accordance with the terms hereof. A city breaching the terms of this agreement shall forfeit any claim it may have to any of the assets

other than real property (land, leasehold estate, and permanent improvements situated thereon) of the VILLAGE FIRE DEPARTMENT.

ARTICLE 16A

AMENDMENT OF AGREEMENT

This Interlocal Cooperation Agreement may be amended at any time by the written approval of the governing bodies of all of the contracting cities. (Amend #1 4/1/1983)

ARTICLE 17.

ENTIRE AGREEMENT

This instrument constitutes the sole and only agreement of the parties hereto with respect to the matters covered hereby and correctly sets for the rights, duties, and obligations of each to the others as of its date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this agreement are of no force or effect.

ARTICLE 18.

PARTIAL INVALIDITY

If any term, provision, covenant, or conditions of this agreement is held by a Court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.