

WORKERS' COMPENSATION SELF-INSURANCE FUND

This Fund and Trust Agreement and Bylaws made and entered into this twelfth day of September, 1994, by and between the Undersigned members in good standing of the Associated Builders & Contractors of Tennessee Workers' Compensation Self Insurance Fund as settlors, and Trustees named herein and those which may hereafter be appointed to serve as provided herein (individually, a "Trustee" and Collectively, the "Trustees"), as Trustees.

WITNESSETH:

WHEREAS, the members hereunder desire to establish a collective fund that will provide monies for payment on claims filed against members under the Tennessee Workers' Compensation Law; and

WHEREAS, this Fund is being established for the benefit of the initial Members, as well as all subsequent Members which agree to the terms of this Trust and the terms of all related instruments; it is

NOW, THEREFORE, in consideration of Three hundred seventy-five thousand and 00/100 Dollars (\$375,000) in hand paid to the Trustee, and covenants herein contained, the parties hereto and all parties which may hereafter subscribe as, agree as follows:

ARTICLE I

NAME AND LOCATION

Section 1. The name of this organization shall be the Associated Builders & Contractors of Tennessee Workers Compensation Self Insurance Fund, also known as ABC WC SIG.

Section 2. Its principal office shall be located at ABC WC SIF c/o Willis CAPS*, 26 Century Blvd., Nashville, Tennessee 37214.

Section 3. Other offices for the transaction of business shall be located at such places as the Board of Trustees may from time to time designate.

Section 4. This Fund and Trust Agreement and Bylaws are adopted pursuant to the Application and Agreements as filed with the Tennessee Department of Commerce and Insurance.

ARTICLE II

DEFINITIONS

Section 1. Administrator. The person or entity engaged by the Trust to provide day to day management of the Trust and the Fund in accordance with the policies established by the Trustees and pursuant to applicable Tennessee law.

*Wording revised at Annual Meeting held October 26, 2005

Section 2. Application. Each Member of the Fund shall execute an application, as hereinafter more fully described, which shall serve as an agreement to abide by the terms of this instrument, the laws, rules and regulations pertaining to the Tennessee Workers' Compensation Act, and such other documents to which this instrument is subject.

Section 3. Association. Associated Builders and Contractors, Inc. a Tennessee not for profit corporation. Associated Builders & Contractors, Inc. is a trade association for the construction industry which has been in existence for over five (5) years.

Section 4. The Commissioner. The Commissioner of the Department of Commerce and Insurance or his designee or designees, shall hereinafter be referred to as the "Commissioner".

Section 5. Fund. The workers' compensation self-insurance group fund to be held and administered by the Trust for the purpose set forth herein.

Section 6. The Fund Account. All monies paid into the Fund as premiums, contributions, or monies from any other sources shall be paid into, and shall hereinafter be referred to as, the Fund Account, which shall be the sole revenue account of the Fund. The Fund shall be the sole revenue account of the Fund. The Fund shall divide with the Claims Fund Account and the Administrative Fund Account.

Section 7*. Fund Year. The Fund Year is the period commencing at 12:01 a.m. on the 1st day of April each year, and ending at 12:01 a.m. on the 1st day of April of the following year.

Section 8. Members. Entities which have applied to become a part of the Fund and have been accepted by the Board of Trustees, or through its agents, are hereinafter referred to as Members of the Fund. Such Members are both grantors of the Fund and the beneficiaries of all rights, benefits and privileges of this instrument under this Fund.

Section 9. Service Agent. The person or entity under the direction of the Board of Trustees to provide services to the Fund as described by the service contract.

Section 10. Trustees. The property of the Fund and the supervision of its business and affairs shall be vested in the Board of Trustees, to be selected as hereinafter provided.

ARTICLE III

ESTABLISHMENT OF THE FUND

The Board of Trustees hereby acknowledges receipt of Three hundred seventy-five thousand and 00/100 Dollars (\$375,000) as the initial corpus of the Fund from the initial Members. The Board of Trustees agrees to receive from participating Members such additional monies as may be paid to them as Fund premiums or other monies and earnings thereon, and to hold and utilize the same all under the terms and conditions hereinafter set forth.

*Wording revised at General meeting held February 23, 2000.

ARTICLE IV

ORGANIZATION OF THE BOARD OF TRUSTEES

Section 1. Governing Board. The business, affairs, and property of this Fund shall be supervised by a Board of Trustees, and, other than the initial Board, elected by those members of the Fund in good standing. There shall be a minimum of five trustees and a maximum of nine Trustees. The trustees shall include equal representation from each region; the position of Chairman shall rotate bi-annually* among the regions.

Section 2. Eligibility to Serve as Trustee: Term of Trustee Office. Trustees must be the designated representative of a member in good standing of the Fund. Termination of membership in the Fund or Association by the entity represented by the Trustee shall operate as a resignation of his office.

The original Trustees and their terms shall be as follows:

Trustee	Term
Mike Hankins	TBD
Charles H. Dennis	Retired**
Deborah P. Stethen	Retired*
John F. Cathers	Retired*
Mike Webb	Retired**
James E. Dunlap	Retired*
R.E. Linkous*	Retired**

All Trustees, other than the original Trustees, shall hold office for a term of three (3) years. All Trustees, including the original Trustees, may serve an indefinite number of terms if so elected.

Section 3. Election of Trustees. Election of Trustees shall be made by the members of the Fund in good standing and shall be held at the opening of the annual meeting of the members of the Fund. Nominations for election to the Board of Trustees shall be made by the Nominating Committee and presented to the members of the Fund; additional nominations shall then be accepted from the membership. After duly closing the nominations, each member of the Fund in good standing shall have one (1) vote to cast in the election of each Trustee. Trustees may serve successive terms if so elected.

Section 4. Vacancies and Removal. In the event the office of any Trustee shall become vacant by reason of death, resignation, disqualification, dissolution of the Member with which the Trustee is affiliated; or removal from the Fund or Association of the Member with which the Trustee is affiliated, the remaining Trustee may, by a majority vote of the remaining Trustees, appoint a successor Trustee to serve the remainder of the unexpired term and until his successor shall have been duly elected. Resignation from membership in the Fund or the Association shall serve as resignation from the Board of Trustees.

*Wording revised at Annual Meeting held October 26, 2005

** Wording revised at Annual Meeting held October 29, 2009

The Board of Trustees shall have the right at any time to remove a Trustee of the Fund for cause by a majority vote of the remaining Trustees. Removal of a Trustee from the Board of Trustees shall, unless otherwise stated, act as removal of such Trustee from any other office he may hold with the Fund. If a Trustee is so removed, the Trustee to fill the vacancy shall be elected by a majority vote of the remaining Trustees. The successor Trustee shall hold office until the next annual election of Trustees and until his successor shall have been duly elected.

Section 5. Election of Officers. The Trustees, from their own members and by majority vote, shall elect a Chairman and a Vice-Chairman as soon as possible after the election of such Trustees by no later than by the first quarterly meeting of such Board. The Chairman and Vice Chairman shall serve two-year* terms and the Vice Chairman may serve successive terms, provided, however, that the above stated vacancy and removal provisions shall apply to such officers. In addition, the Trustees may elect other officers as to them appear desirable. All other Officers so elected shall serve at the pleasure of the Board of Trustees.

Section 6. Compensation of Trustees. The Trustees shall receive such compensation as may be specified by the Members from time to time. If no compensation is specified, none shall be paid. However, Trustees shall be reimbursed for their actual, reasonable expenses incurred in the performance and discharge of their duties as Trustees of the Fund.

ARTICLE V

POWERS AND DUTIES OF THE TRUSTEES

Section 1. Powers of the Trustees. In order to carry out the purposes of the Fund, the Board of Trustees shall have the following rights and powers to the extent not inconsistent with or prohibited by the laws of the State of Tennessee, and such other additional unspecified powers as may be required to accomplish the purposes or this Fund.

Section 2. Investment Powers. The Trustees shall have the power to invest the monies in the Fund Account, and may engage a Fund Account Fiduciary for that purpose. Such investments are limited to those approved under the laws of the State of Tennessee and the Regulations of the Department of Commerce and Insurance, governing the use of such funds. Loans from the Fund Account* to any member, or any organization affiliated with such Fund, are not permitted.

Section 3 Administrative Powers and Duties. In addition to all the other powers and authority set forth herein; the Board of Trustees shall have the following powers and authority in the administration of the Trust and the Fund Account to be exercised either directly or through the agents of the Board of Trustees in accordance with and subject to the provisions of this instrument:

- (a) To make, execute, acknowledge and deliver any and all documents required to be made in connection with the settlement and defense of any claim, to deliver documents required by any

*Wording revised at Annual Meeting held October 26, 2005

insurer or re-insurer in connection with the issuance of any insurance policy, or re-insurer in connection with the issuance of any insurance policy, or in connection with the exercise of the rights of ownership of such policies, any and all forms, returns, notices, transfers, conveyances and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted.

(b) To settle, compromise, or submit to arbitration any claims, debts or damages due or owing to or from this Fund or arising in connection with any right, duty or obligation hereunder, to commence or defend suits or legal or administrative proceedings, and to represent the Fund, the Administrator and the Members in all suits and legal proceedings which may be allowed herein.

(c) To employ an Administrator, Service Agent, Fund Actuary, Fund Accountant and other suitable agents and to pay their reasonable expenses and compensation.

(d) To contract for Reinsurance with the advice and direction of the Service Agent.

(e) To pay any and all expenses of administration, legal, actuarial, risk control management, claims management and like fees and costs.

(f) To establish and assess any and all rates, premiums, contributions and penalties under this Fund, as reviewed by the Fund Actuary and the Administrator.

(g) To accept or reject any application for membership in the Fund.

(h) To declare premium returns* as hereinafter provided.

(i) To terminate membership as hereinafter provided.

(j) To do all such acts, take all such proceeds, and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustees may deem necessary to administer the Fund and to carry out the purposes of the Fund.

(k) To take all reasonable precautions to protect the members from losses and shall enter into any suitable excess insurance contracts to fully and adequately protect said members against excess losses

(l)* To assess members a collection charge and/or fees, attorney fees and any other costs involved in the collection of past due premiums or audits at the sole discretion of the Trustees.

(m)* To establish underwriting guidelines /policies necessary for the management of the Fund, including provisions to adjust current premiums based upon prior audits, all of which may be waived by the Trustees.

*Wording revised at Annual Meeting held October 26, 2005

Section 4. Nominations. The Nominating Committee shall meet not less than sixty (60) days prior to the annual meeting of the members, for the purpose of naming Trustee candidates for the ensuing Fund year. Said Nominating Committee shall consist of four persons.

ARTICLE VI

MEETINGS OF THE BOARD OF TRUSTEES

Section 1. Regular Board Meetings. The Board of Trustees shall hold quarterly meetings, the date of such meeting to be set by the Chairman of the Board of Trustees.

Section 2. Special Board Meetings. Special meetings of the Board of Trustees may be called at any time by the Chairman or any two members of the Board of Trustees. By unanimous consent of the Trustees, special meetings of the Board of Trustees may be held without notice at any time and any place.

Section 3. Notice of Meetings. No notice shall be required for regular meetings of the Board of Trustees. Notice of any special meeting of the Board of Trustees shall be given in writing or personally, by mail, phone or facsimile not less than three (3) days before such meeting. All notices of special meetings of the Board of Trustees shall state the purpose of thereof. If notice of a special meeting is mailed, it shall be deemed to have been given when deposited in the United States mail.

Section 4. Waiver of Notice of Specialty Meetings. Notice of any special meeting of the Board of Trustees may be waived before or after the time stated in such notice. A waiver of notice in writing signed by the Trustees entitled to such notice shall be the equivalent of giving such notice. Attendance of Trustees at a meeting shall constitute a waiver of notice of such meeting, except where the Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Place of Trustees' Meeting. All regular and special meetings of the Board of Trustees shall be held at the principle office of the Fund in Nashville, Tennessee, or at such other place or places within or without the state, as the Board may designate.

Section 6. Attendance by Trustees at Meetings. Attendance of the Trustees at duly called meetings of the Board of Trustees is mandatory and absence by any Trustee from two (2) consecutive meetings of the Board of Trustees shall result in the office of such Trustee being automatically declared vacant. Provided, however, that for good cause shown, by a majority vote of the Board, such absence may be excused if the absent Trustee has voted by proxy.

Section 7. Action by Unanimous consent in Lieu of a Meeting. Any action which may be taken at a meeting of the Board of Trustees may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Trustees. Such consent shall have the same force and effect as an unanimous vote of the Trustees, and may be stated as such in any writing or document.

Section 8. Trustee Committee. The Board of Trustees may, by resolution or resolutions, passed by a majority or the whole Board, designate one or more committees, such committees to consist of two or more of the Trustees, which to the extent provided in such resolution or resolutions shall have and may, during intervals between the meetings of the Board, exercise the powers of the Board of Trustees in the supervision of the business and affairs of the Fund and exercise the duties of the Trustees. The designation of such committee and delegation thereto of authority shall not operate to relieve the Board of Trustees, or any member thereof, of any responsibility imposed by law or by this instrument.

Section 9. Quorum. A majority of the Trustees of this Fund shall constitute a quorum for the transaction of business at any regular or special meeting of the Board of Trustees.

Section 10. Voting. At all meetings of the Board of Trustees, each Trustee, other than an ex-officio member, shall have one vote. A majority vote of the Trustees in attendance at any meeting shall be required to pass on any matter, except as hereinafter provided. A Trustee may appoint, by proxy or otherwise, another individual affiliated with the same Member as the Trustee, to vote, participate, and in all ways act in his stead at any special or regular meeting of the Board of Trustees. Such appointment for any meeting shall not relieve that Trustee of the duties imposed upon him herein.

ARTICLE VII

OFFICERS

Section 1. Powers and Duties of the Chairman and Vice-Chairman. The Chairman of the Board of Trustees shall preside at all meetings of the Trustees and Members of the Fund; shall have general supervision over the affairs of the Fund and over the other officers; and shall perform all such other acts and duties as are incident to his executive office and such other duties as may be prescribed by the Board of Trustees from time to time. In the case of absence, disability or death of the Chairman, the powers and duties of the Chairman shall be assumed and discharged by the Vice-Chairman and perform such duties as may be assigned by the Board of Trustees from time to time.

Section 2. Returns and Statements. It shall be the duty of each officer of this Fund to make and file any and all returns, reports, lists, or statements required by law to be made and filed by him, and to make full report to the Board of Trustees respecting the affairs of the Fund in his charge whenever he may be requested to do so.

Section 3. Vacancy and Removal. Any vacancy in the office of Chairman or Vice-Chairman, due to resignation, incapacitation, disqualification, removal of the officer, or other reason shall be filled in the same manner as a vacancy on the Board of Trustees. Any officer may be removed at any time without cause by majority vote of the remaining Trustees. Removal from the office of Chairman or Vice-Chairman does not necessarily require removal from the Board of Trustees or expulsion from the Fund.

ARTICLE VIII

THE ADMINISTRATOR

Section 1. Appointment of Administrator. The Board of Trustees shall appoint, and enter into a separate agreement with, an entity approved by the Commissioner to serve as Administrator of the Fund. Such agreement between the Board of Trustees and the entity to serve as Administrator shall state the method of grounds for termination and such agreement may be terminated by either party according to the terms and conditions of such agreement. The Board of Trustees shall, prior to appointing or entering in to a contract with any Administrator, obtain approval of the Department of Commerce and Insurance.

Section 2. Powers and Duties of the Administrator. The Administrator shall issue notices of all meetings and shall attend and keep minutes of the same; shall have charge of all Fund books, records and papers, and shall attest with signature written contracts of the Fund. The Administrator shall have custody of the funds, and he, under the direction of the Board of Trustees, shall make investments of any surplus monies. However, such investments shall be limited to those types of securities as approved by the Commissioner of the Tennessee Department of Commerce and Insurance with the rules adopted by him.

The Administrator shall perform any and all duties imposed upon it in its agreement with the Board of Trustees. Such obligations may include, but are not limited to, the following:

- (a) Pay all approved items of expense as directed by the Board of Trustees.
- (b) Account for all monies so handled by monthly and/or quarterly reports.
- (c) Open the books and records of the Fund maintained by the Administrator to the inspection by the Board of Trustees or their duly authorized and appointed agent.
- (d) Retain an attorney, when necessary, for the proper administration of the Fund and for the disputing of claims filed by employees of Members.
- (e) Execute agreements on behalf of the Trust with the service companies, upon approval of the Trust.

The Administrator shall perform any and all other duties imposed upon it by the rules and regulations of the Commissioner and any and all applicable laws.

Section 3. Administrator Fee. The Administrator shall receive, subject to the terms and conditions of the separate agreement between the Administrator and the Fund, a service fee on all earned premiums calculated after discounts, if any, as administration fees and expenses for personal service rendered by the Administrator in the capacity of Administrator.

ARTICLE IX

THE SERVICE AGENT

Section 1. Appointment of Service Agent. The Board of Trustees shall appoint, and enter into a separate agreement with, an entity approved by the Commissioner to serve as its service agent and attorney-in-fact to act on its behalf under the Workers' Compensation Law and to abide by the rules and regulations of such Board of Trustees. The initial Service Agent of the Fund shall be Public Entities National Company East (PENCO) and Willis Corroon Administrative Service Corporation (WCASC).

The agreement between the Board of Trustees and the entity(ies) to serve as Service Agent(s) shall state the method and grounds for termination and either party may terminate such agreement according to the terms and conditions of the agreement. The Board of Trustees shall, prior to appointing or entering into a contract with any Service Agent(s), obtain the approval of the Department of Commerce and Insurance of such prospective Service Agents(s).

Section 2. Powers and Duties of the Service Agents(s)*. The Service Agent(s)* shall perform any and all duties imposed upon it in its agreement with the Board of Trustees of the Fund. Such obligations may include, but are not limited to, the following:

- (a) Administrative and Data Services, including collection of all premiums due from the members of the Fund; the preparation of various monthly, quarterly, and annual reports as required by the members, the Trustees, reinsurance carriers, or the Department;
- (b) Claims servicing of the Fund, including the instruction of members on filing of claims; processing of claims; investigating and payment of valid claims; filing of necessary reports with state agencies, reinsurance carriers and the Trustees on such claims; preparation and maintenance of records on all claims as required by law;
- (c) Loss control services;
- (d) Marketing of the Fund to prospective member;
- (e) Assist the Fund in obtaining reinsurance.

*Wording revised at Annual Meeting held October 26, 2005

The Service Agent(s)* shall perform any and all other obligations imposed upon it (them)* by the rules and regulations of the governing state agencies, and any other applicable laws.

The Fund may contract separately for some or all of the services outlined in Section 2* above.

Section 3. Service Fees. The Service Agent shall receive, subject to the terms and conditions of the separate agreement between the Board of Trustees of the Fund and the Service Agent, a fee, the amounts to be set in such separate agreement, for its services to the Funds.

ARTICLE X

MEMBERSHIP

Section 1. Eligibility. Only the Associated Builders & Contractors, Inc. and its members in good standing, associate members, and independent contractors affiliated with such members shall be eligible for membership in the Fund. The Trustees shall require each participating member of the Fund to be a member of the Association in good standing.

Section 2. Acceptance into the Fund. The Trustees, through their agents, may admit any acceptable and financially sound employer in the State of Tennessee who qualifies for membership in the Association and has a common interest and/or allied business as members of the Fund. The Trustees, through their agents, shall have a sole discretion in determining whether to approve or reject information, as requested by the Trustees, is provided by the applicant. Membership in the Association in no way guarantees acceptance into the Fund.

Section 3. Application for Membership. Application for Membership shall be on a form approved by the Board of Trustees and acceptable to the Commissioner. Said application shall contain a financial statement of the applicant, sworn to, and containing information deemed necessary by the Board of Trustees and the Commissioner. The application for membership in the Fund shall be accompanied by a premium payment in the amount determined by the Fund Actuary and approved by the Board of Trustees. The premium payment shall be payable to the order of the Fund. Except for applications received prior to the initial Fund Year and application for continuing membership, application for new membership in the Fund must be received by the Board of Trustees at least forty-five (45) days prior to the granting of coverage in a new Fund year. The Fund shall operate on a fiscal year basis, and members must be accepted or rejected thirty (30) days prior to the end of the then current fiscal year. An applicant shall become a Member of the Fund upon approval of its application by a Member shall then be a co-grantor of this Fund and shall be a beneficiary with all rights and benefits allowed herein. Each applicant, upon becoming a Member of the Fund, binds itself and agrees that:

*Wording revised at Annual Meeting held October 26, 2005

- (a) It shall pay all premiums and contributions when due.
- (b) It shall fully cooperate with the Administrator, Service Agent, or their duly authorized agent.
- (c) The Administrator and/or Service Agent, or their agents, are permitted to inspect work places, plants, works, machinery, etc., and to examine members' books, vouchers, etc., to verify contributions payable under the terms hereof.
- (d) It will follow safety recommendations of the Service Agent; it will give the Administrator proper prompt notice of all claims of accident or injury made by employees of the Member under the Tennessee Workers' Compensation Act; in the event of an accident or a reported claim, to immediately provide medical care for his employees and to immediately notify the Service Agent on prescribed forms; and to make prompt payments. The Member appoints the Service Agent of the Fund as his Agent and Attorney-in-Fact to act in his behalf under the Workers' Compensation Law and to abide by the rules and regulations of the Trustees; that in the event of payment of any loss by the Fund under this contract, the Fund shall be subrogated to the extent of such payment to all rights of Members against any person or other entity legally responsible for damages for said loss, and to give all reasonable assistance other than pecuniary to effect this provision.
- (e) It shall abide by the terms of this instrument, the rules of the Commissioner and all other documents to which this instrument is subject.
- (f) It is a party to the Indemnity Agreement executed by the Trustees of the Fund, the Service Agent, and the Department of Commerce and Insurance and is bound by all of the terms and conditions thereof.

Section 4. Continuous Membership. The Fund shall operate on a fiscal year basis, and for continuation, members must be accepted or rejected thirty (30) days prior to the end of the then current fiscal year. Any member, as he so desires, may execute an application for continuing membership, which when approved in writing by the Trustees, Administrator, and/or designated Service Agent, such application shall constitute a continuing contract for each succeeding year unless canceled by the Commissioner of the Department of Commerce and Insurance or the Trustees, Administrator, or designated Service Agent; or unless the member shall have resigned or withdrawn from said Fund by written notice given at least sixty (60) days prior to the end of the current fiscal year.

Any Member who formally applies for membership in the Fund shall, upon acceptance by the Trustees, be bound by all the terms and conditions hereof and said approved application shall constitute a counterpart of all agreements entered into by the Fund.

Section 5.* Resignation from Membership. Members may resign only upon written notice to the Board of Trustees at least sixty (60) days before the end of the current Fund year. A resignation shall become effective only at the expiration of sixty (60) days after notice is given. Upon resignation, the resigning member shall forfeit any and all rights to premium returns from** the Fund, unless the Fund is otherwise directed by the State of Tennessee Department of Commerce & Insurance.

Section 6. Termination of Membership. Members of the Fund herein agree that the Board of Trustees shall have the power to terminate a member's rights and privileges in the Fund, effective as of the date of the official cancellation notice to the Department. No liability shall accrue to the Fund or its remaining members from acts or actions of a terminated member occurring after the date of said official cancellation notice. Grounds for termination of membership rights and privileges may include, but are not limited to, the following:

- (a) A failure to make full and timely premium and premium audit*** payments when due.
- (b) Continued failure to cooperate with the Administrator.
- (c) The failure to give prompt notification to the Administrator of incidents and claims.
- (d) A continued adverse loss experience developed by the member as deemed excessive by the Board of Trustees, and/or the Service Agent, and failure to take such corrective action to remedy same.
- (e) Failure to abide by the term of this instrument, and the rules and regulations of the Commissioner.
- (f) Failure to maintain membership in the Association in good standing.
- (g) Failure to comply with Terms and Conditions of the Indemnity Agreement.

Within a reasonable time after termination, the Fund shall return to the terminated Member a pro rata refund of unearned premiums for the current fund year after audits. Upon termination, such member is divested of any and all rights to dividends as heretofore provided.

In case of termination for any reason, such termination shall be effective as of the date of the official cancellation notice to the Department.

Section 7. Reapplication for Membership. Any terminated member may apply for membership in the Fund upon recertification of the ground or grounds for termination.

*Wording revised at Annual meeting held May 21, 1997

**Wording revised at Annual meeting held October 26, 2005

ARTICLE XI

MEETING OF MEMBERS

Section 1. Annual Meetings. The annual meetings of the members of the Fund for the review of the tenure of the Trustees and for the transaction of such other business as may properly come before the members, shall be held in the offices of the Fund, in Nashville, Tennessee, or at such other places as the Trustees may designate and on such date as the Trustees may designate. At each annual meeting of the members of the Fund, the Chairman of the Board of Trustees shall submit a statement of the experience of the Fund during the preceding year, together with a report of the general financial condition of the Fund. The members are institutions. Therefore, each member shall designate its representative officer or agent to vote and act on its behalf.

Section 2. Special Meetings of the Members. Special meetings of the members of the Fund may be called at any time by the Chairman of the Board of Trustees, upon the written request of thirty (30) percent of the members of the Fund, or upon the written request of a majority of the Board of Trustees. Such meetings may be held at such time and place which shall be specified in such request.

Section 3. Notice of Annual or Special Meetings. Notice of any annual or special meeting shall be given by the Chairman of the Board either in writing, telephone or facsimile not less than four (4) days nor more than thirty (30) days before such meeting. The notice shall state the time and place of such meeting, and the purpose or purposes for which such meeting is called. No business other than that specified in the notice of the special meeting shall be transacted at such special meeting. If notice of such special meeting is mailed, it shall be deemed to have been given when deposited in the United States mail.

Section 4. Waiver of Notice. Members entitled to notice pursuant to these Bylaws may waive notice either if the annual or special meeting of the members before or after the time stated in such notice. A waiver of notice in writing signed by the member entitled to such notice shall be equivalent to the giving of such notice.

Section 5. Voting. Unless otherwise provided, each member of this Fund shall be entitled to one vote, in person or by written proxy, on each matter presented to the members. A two-thirds vote of those members* present and voting shall be required for approval of any matter before the members.

Wording revised at Annual Meeting held October 26, 2005.

ARTICLE XII
THE FUND ACCOUNT

Section 1. The monies of the Fund shall be deposited in a bank or savings account at the discretion of the Board of Trustees of the Fund and the Administrator. Such bank shall be the designated depository of the Fund.

Section 2. Account. All premiums, contributions or other monies coming into the Fund shall be paid into the account of the Fund. From this account, the Board of Trustees or their agent shall disburse all claims and claims cost items, service agent fees, administrative fees, legal and accounting fees, reinsurance costs, bonding costs, applicable taxes and any other expenses necessary to achieve the purposes of the Fund.

Section 3. Premium Returns*. Premium Returns* shall be paid as determined by the Board of Trustees and in accordance with the Rules adopted by the Tennessee Department of Commerce and Insurance. Within a reasonable period of time after the end of each Fund Year, excepting the initial Fund Year, and no sooner than after the close of the immediately subsequent fund year, those dollars remaining in the Claims Fund Account, not being held in reserve to pay incurred losses, return premiums or accrued operating losses may be returned to eligible fund members based on a retrospective return formula as developed by the Fund Actuary. No disbursements from the Claims Fund Account by way of premium returns* shall be made until all obligations under the law have been "discharged", as defined by the Department of Commerce and Insurance, and except at the discretion of the Trustees and until after the Commissioner has been given appropriate notice. ("Discharged", as defined by the Department and as used in this section, shall refer to those claims which have been established, provided, however, that such definition or payment of premium returns* to any member in no way waives the applicability of the Indemnity Agreement for any member or as to any claim made upon the Fund.) These premium returns* may be made to members in good standing in the form of a reduction in the ensuing fund year's premium, or upon the written request of any member, by a check to that requesting member.

If, in the discretion of the Trustees, there could be additional claims filed or other cogent reasons concerning a particular Fund year, a partial return may be made with any balance due to be paid at a later date when all the facts concerning that particular year are known.

Section 4. Excess Reinsurance. A portion of the Fund's annual premium shall be utilized for the purpose of purchasing a Workers' Compensation and Employers' Liability Excess Reinsurance contract. Such contract shall be with a company rated A -VII or better by A.M. Best and Company and acceptable to the Commissioner. Such contract shall be purchased by the Administrator and/or Service Agent at the direction of the Board of Trustees and be in an amount not less than One Million and no/100 Dollars (\$1,000,000.00) over the Fund's retention.

*Wording revised at Annual meeting held October 26, 2005.

ARTICLE XIII

CLAIM PAYMENTS

Authorized claim payments are made directly to the injured employee or on his behalf by the Fund Service Agent, and are subject to review by the Board of Trustees at their option. All checks shall be drawn in the name of the Fund from the established claims account and shall show the name of the member to which such claim is attributable.

ARTICLE XIV

GENERAL PROVISIONS

Section 1. The Fund shall operate on a fiscal year from April 1* through March 31*.

Section 2. Contracts. The Board of Trustees may authorize any officer or officers, agent or agents, employee or employees to enter into any contract or other instrument on behalf of this corporation, any such authority may be general or confined to specific instances. Except as herein provided or as authorized by the Board of Trustees, no officer, agent or employee, other than the Chairman, Vice-Chairman, or Administrator, shall have any power or authority to bind this corporation by any contract or engagement, or to pledge its credit or to render it liable, for any purpose or for any amount.

Section 3. Claim Payments. Authorized claim payments are made directly to the injured employee or on his behalf by the Fund Service Agent, and are subject to review by the Board of Trustees at their option. All checks shall be drawn in the name of the Fund from the established claims account and shall show the name of the member to which such claim is attributable.

Section 4. Coverage by Fund. Coverage of the Fund to employees of a Member-Employer is limited to obligations imposed by the Workers' Compensation Law. The Fund is to defend in the name of and behalf of the Member any suits or other proceedings which may at any time be instituted against him under the Law and pay all costs. Coverage of the Fund does not apply to punitive or exemplary damage on account of such injuries to any employee employed in violation of the law.

ARTICLE XV

LIABILITY OF TRUSTEES

Section 1. Liability of Trustees. No Trustees shall be responsible or liable for any loss to the Fund which may occur by reason of depreciation in value of the properties at any time belonging to the Fund, nor for any other loss to the Fund which may occur, except that each Trustee shall be liable for its own intentional torts or intentional breaches of duty, gross negligence or fraudulent conduct.

*Wording revised at Annual meeting October 26, 2005.

Section 2. Liability of Trustees for Acts of Others. No Trustees shall be liable or responsible for the acts, omissions, or defaults of any agent or other person to whom duties may be properly delegated under any instrument to which this Trust is subject, if such agent or person was appointed with due care. No Trustee shall be liable or responsible for failure to contest the actions of any other Trustee, or otherwise to compel any other Trustee to redress any breach of trust, unless requested in writing to do so by a beneficiary of the trust. No Trustee shall be liable or responsible for any act within the sole power and discretion of any other Trustee.

Section 3. Limitation of Personal Liability of Trustees. No Trustee acting in its fiduciary capacity hereunder shall incur any personal liability to any third party who deals with the Trustee in the administration of the Fund, excepting those claims determined to have arisen from intentional torts or intentional breaches of duty, gross negligence, or fraudulent conduct by the Trustee in the administration of the Fund. Each Trustee shall be entitled to reimbursement from the Fund for any liability, whether in contract or in tort, except for liabilities determined to have arisen from the Trustee's intentional torts or intentional breaches of duty, gross negligence, fraudulent conduct, or other acts involving moral turpitude, incurred in the administration of the Fund in accordance with the provisions hereof. Each Trustee may contract in such form as to exempt the Trustee from such personal liability and to cause such liability to be limited the Fund. No successor Trustee shall have any duty, responsibility, obligation or liability whatsoever for failure to rectify the acts or omissions of the predecessor Trustee.

Section 4. Judgment and Discretion of Trustee Final. Wherever the judgment or discretion of any Trustee may be exercised, it shall be final and binding upon every person interested in the Fund. Any Trustee exercising any discretionary power relating to the distribution or accumulation of principal income, or to the termination of any Trust, shall be responsible only for lack of good faith in the exercise of such power.

ARTICLE XVI

AMENDMENTS

This instrument may be amended or modified from time to time by a two-thirds (2/3) vote of those members present and voting at any annual or special meeting of the Members of the Fund, when the proposed amendment has been set forth in the notice of such meeting or, in the event the proposed amendment is not set forth in such notice, written consent to a vote on the proposed amendment is given by all members of the Fund. However, no such amendment or modification shall alter the intention that this Fund be operated exclusively as a self-insured workers' compensation fund under the provisions of the Tennessee Workers' Compensation law and the Commissioner's rules and regulations.

July 6, 1994

ARTICLE XVIII

TERM OF TRUST

The term of this instrument shall be twenty-one years and shall be renewable at the end of that term, but with the assent of two-thirds (2/3) of the Board of Trustees, this Fund may at any time be wound up and the assets distributed. Such distribution shall not be made until all claims and other lawful debts shall have been "discharged", as defined in Article XII, Section 3. Upon such winding up, the residual assets of this Fund shall be distributed by prorating the remaining monies amount the then Members on the basis of each Member's total contribution to the Fund for the immediately preceding Fund Year.

IN WITNESS WHEREOF, the parties have hereunto caused this Trust to be executed by the undersigned proper and duly authorized persons on this the twelfth day of September, 1994.

TRUSTEES:

Mike Hankins
Acoustics and Specialties, Inc.
P.O. Box 18437
Memphis, TN 38181-0437

Signature on file

John F. Cathers
Rouse Construction Co.
306 Depot Avenue West
Knoxville, TN 37917

Signature on file

Charles H. Dennis
Dennis Electric, Inc.
2885 Hammond Street
Memphis, TN 38128

Signature on file

Mike Webb
Webb & Sons Construction Co., Inc.
P.O. Box 388
Athens, TN 37303

Signature on file

Deborah P. Stethen
Stethen Construction Co.
8532 Washington Pike
Corryton, TN 37721

Signature on file

James E. Dunlap
Fire Protection Systems, Inc.
22 Industrial Park Drive
Hendersonville, TN 37075

Signature on file

July 6, 1994