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August 3, 2017

Honorable Joseph Wood
Washington County Judge
#280 College Avenue
Fayetteville, AR 72701

RE: *George E. Butler v. Joseph K. Wood, et. al.*
Washington County Circuit Court No. 72CV-17-800

Dear Judge Wood,

This letter is written in response to some apparent confusion arising from or related to my previous letter regarding the Association of Arkansas Counties Risk Management Fund's (AACRMF) agreement to pay the costs of defense in the above-referenced case. To be clear, the Fund has agreed to pay all costs of defending this action. The County will never be asked to pay a bill for legal defense in this case.

The reservation of rights that I discussed in my previous letter applies only to coverage of the claim itself. The Fund's protection agreement with the County specifically excludes illegal exaction claims and claims for nonmonetary relief, among others, from coverage by the County. The Fund does not make actual coverage decisions until it has to do so (when there is something to cover, e.g., an unfavorable verdict), so the Fund is only reserving its rights to deny coverage at this point. This is primarily to provide notice to the County so that preparations can be made, if deemed necessary, to address the possibility of an unfavorable outcome.

In short, the Fund is paying the costs of defense in this case, but will not cover any illegal exaction verdicts or other claims excluded under the County protection agreement with the AACRMF. As such, the Fund is reserving its rights to deny coverage of excluded claims. Of course, please feel free to let me know if there is any further confusion or if I can be of any other assistance. Thank you.

Sincerely,

Jason E. Owens