

ORIGINAL

WASHINGTON COUNTIES INSURANCE POOL INTERLOCAL AGREEMENT

THIS AGREEMENT is made and entered into by and among the counties and local governments organized and existing under the Constitution and laws of the State of Washington which are parties signatory to this Agreement:

RECITALS

WHEREAS, counties and local governments in the State of Washington have experienced a trend of increasing insurance premiums for the renewal of their health and welfare benefit programs; and

WHEREAS, Chapter 48.62 RCW grants counties and local governments maximum flexibility to enter into agreements with each other to provide joint programs, which include programs of joint purchasing of insurance or reinsurance, joint self-insuring, and joint contracting for or hiring of personnel to provide risk management, claims, and administrative services; and

WHEREAS, Chapter 39.34 RCW permits counties and local governments to make the most efficient use of their powers by enabling them to cooperate with other counties and local governments on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population, and other factors influencing the needs and development of local communities; and

WHEREAS, each of the members desires to join together with the other members for the purpose of funding self-insured health and welfare benefit risks and jointly purchasing insurance, reinsurance, and administrative services; and

WHEREAS, it appears economically feasible and practical for the members to do so;

NOW, THEREFORE, for and in consideration of the mutual benefits, covenants and agreements contained herein, the members agree as follows:

Article 1 Definitions

The following definitions shall apply to the provisions of this Agreement:

- (a) "Pool" shall mean the Washington Counties Insurance Pool created by this Agreement by the member employers.
- (b) "Health and welfare benefits" shall mean a plan or program established by

counties and local governments for the purpose of providing employees and their dependents with health care (including dental and vision care, and employee assistance programs), accident, disability, death, or salary protection benefits.

(c) "Bylaws" shall mean the Bylaws adopted by the Board of Directors of the Pool and all duly adopted amendments and revisions thereto.

Article 2 Purpose

This Agreement is entered into for the purpose of authorizing the creation of the Washington Counties Insurance Pool, which shall be organized under Chapters 48.62 and 39.34 RCW to provide to member employers health and welfare benefit programs.

Article 3 Parties to Agreement

Each party to this Agreement certifies that it intends to contract with all parties who are signatories of this Agreement on its effective date and with such other parties as may later be added to and become signatories to this Agreement. Each party also certifies that the cancellation or withdrawal of any party shall not affect this Agreement nor such party's intent to contract pursuant to the terms of this Agreement with the then remaining parties.

Article 4 Duration of Agreement

This Agreement shall become effective when approved by ten employers. This Agreement shall have perpetual duration unless terminated as hereinafter provided.

Article 5 Membership Composition

Pool membership shall be open to units of local government in the State of Washington. The Board of Directors of the Pool shall provide for the reasonable admission of new members.

Article 6 Nature of Pool

The Pool shall be an association of member employers independent of all other associations of which the employers are members. Pool funds shall be expended only for purposes of the pool consistent with statutes and rules governing the county and local government members of the pool.

Article 7 Powers of Pool

The Pool shall have the powers and functions to do the following:

- (a) Jointly self-insure or purchase health and welfare benefits insurance or reinsurance in such form and amount as the Board of Directors may determine;
- (b) Contract for administrative and other services;
- (c) Possess any other powers and perform all other functions reasonably necessary to carry out the purposes of Chapter 48.62 RCW.

Article 8 Organization

The affairs of the Pool shall be managed by the Board of Directors ("Board") in Accordance with the Bylaws adopted by the Board. The Board shall meet regularly and shall be subject to the Open Public Meetings Act, Chapter 42.30 RCW.

Article 9 Pool Responsibilities

The Pool shall perform the following functions in discharging its responsibilities under this Agreement:

- (a) Provide for the management and operation of the Pool;
- (b) Provide for health and welfare benefit coverages for member employers;
- (c) When the Pool provides comprehensive coverage for health care services, it will include mandated benefits that the state health care authority is required to provide under RCW 41.05.170 and 41.05.180.
- (d) Consider reinsurance coverage for those benefits which the Pool plans to self-insure.
- (e) Establish limits to any coverage that is provided;
- (f) Provide an annual report of the operation of the Pool to member employers; and
- (g) Provide for other services as deemed necessary by the Board in order to carry out the purposes of this Agreement.

Article 10 Member Employer Responsibilities

Member Employers shall have the following responsibilities:

- (a) Each member employer shall appoint an employee to serve as a liaison between the member and the Pool;

- (b) Each member employer shall pay its premiums promptly when due, and reasonable interest on overdue payments;
- (c) Each member employer shall provide the Pool with such information or assistance as may be necessary for the Pool to carry out its responsibilities under this Agreement; and
- (d) Each member employer shall cooperate with and assist the Pool, and any insurer of the Pool, in all matters relating to this Agreement and covered benefits, and shall comply with all Bylaws, rules and regulations adopted by the Pool.

Article 11 Budget and Records

- (a) Budget. The Pool shall establish and maintain annual budgets.
- (b) Audit. The Pool shall establish and maintain such accounts as may be required by good accounting practices and the State Budget Accounting Reporting System ("BARS"). Financial records of the Pool shall be open to inspection at all reasonable times by Directors. The Pool shall be subject to audit by the Washington State Auditor. A complete written report of the financial activities of the Pool, including an annual audit of the accounts and records of the Pool, shall be provided to each Director.

Article 12 Cancellation and Withdrawal

- (a) Cancellation. A member employer's participation in this Agreement and the Pool may be canceled at any time by an affirmative vote of three-quarters of the entire Board for failure to make full and timely premium payments and failure to fulfill the cooperation and other requirements of the insurance agreement. The effective date of cancellation shall be one month after the date of Board action.
- (b) Withdrawal. Member employers may withdraw from the pool at the end of any Pool fiscal year, provided it has given the Pool a six-month written notice of its intent to withdraw.
- (c) Effect of Cancellation and Withdrawal. The cancellation or withdrawal of one or more member employers shall not terminate this Agreement. No withdrawing or canceled member employer shall be entitled to payment or return of any premium, property contributed to the Pool or to any distribution of assets.
- (d) Unpaid Liabilities. The cancellation or withdrawal of a member employer shall not terminate its responsibility to contribute its share of premiums or assessments until all claims and other unpaid liabilities covering the period of its membership have been finally resolved and the Board has determined the final amount of payments due from the withdrawing or canceled member employer for the period of its membership.

Article 13 Termination

- (a) Initial Period. This Agreement may be terminated any time during its first thirty-six months by the written consent of the governing bodies of all member employers. After the first thirty-six months, this Agreement may be terminated by the written consent of the governing bodies of three-fourths of the member employers. Upon termination, this Agreement and the Pool shall continue for the purpose of disposing of all claims, distribution of assets and all other functions necessary to wind up the affairs of the Pool.
- (b) Distribution of Assets. Upon termination, assets of the Pool shall be distributed to terminating member employers proportionate to their premium payments and property contributions made during the last thirty-six (36) months of the Pool. The Board shall distribute the assets to terminating member employers within six (6) months after the disposition of the last pending claim covered by the Pool.
- (c) Run-Off. Upon termination, the Board shall wind up and dissolve the business affairs of the Pool. The Board shall determine, and member employers shall pay, each employer's fair share of any additional premium amounts necessary for final disposition of all claims covered by the Pool. A member employer's share of such additional premiums shall be determined in the same manner as that provided above for annual premiums, and shall be treated as if it were the next year's annual premium for that employer.

Article 14 Notices

Notices to member employers shall be sufficient if mailed postage prepaid to the governing bodies of the respective member employers at such addresses as may be given in writing to the Pool.

Article 15 Amendments

This Agreement may be amended at any time by the written approval of the governing bodies of sixty percent of all member employers.

Article 16 Prohibition Against Assignment

No employer may assign any right, claim or interest it may have under this Agreement. No creditor, assignee or third-party beneficiary of any employer shall have any right, claim or title to any part, share, interest, Pool, premium or asset of the Pool.

Article 17 Enforcement

The Pool may enforce the terms of this Agreement. In the event action is instituted to enforce any term of this Agreement or any term of the Bylaws against any present or previous member employer, the prevailing party shall receive such sums as the court may fix as reasonable attorneys' fees and costs in the action.

Article 18 Default

If any member employer fails to perform any term or condition of this Agreement and such failure continues for a period of sixty (60) days after the Pool has given the member employer written notice of such failure, the member employer shall be in default hereunder. Upon default, the Pool may immediately cancel the member employer's membership effectively immediately without further notice, or exercise any remedies herein provided or otherwise provided by law. The rights and remedies of the Pool are cumulative in nature and pursuit of any particular remedy shall not be deemed an election of remedies or a waiver of any other remedies available hereunder or otherwise available by law.

Article 19 No Waivers

No waiver or forbearance of a breach of any covenant, term, or condition of this Agreement shall be construed to be a waiver or forbearance of any other or subsequent breach of the same or of any other covenant, term or condition, and the acceptance of any performance hereunder, or the payment of any sum of money after the same has become due or at a time when any other default exists hereunder, shall not constitute a waiver of the right to demand payment of all other sums owing or a waiver of any other default then or thereafter existing.

Article 20 Agreement

- (a) Severability. If any term or provision of this Agreement shall to any extent be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term and provision in this Agreement shall be valid and be enforceable to the fullest extent permitted by law.
- (b) Time. Time is of the essence in this Agreement and each and every provision hereof.
- (c) Headings. The Article and Section headings in this Agreement are inserted for convenience only and are not intended to be used in the interpretation of the contents of the Articles and Sections they introduce.
- (d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

(e) Counterpart Copies. This Agreement may be signed in counterpart or duplicate copies, and any signed counterpart or duplicate copy shall be equivalent to a signed original for all purposes.

(f) Agreement Complete. The foregoing constitutes the full and complete agreement of the parties. All oral understandings and agreements are set forth in writing herein.

IN WITNESS WHEREOF, the parties have executed this Agreement by authorized officials thereof on the dates indicated.

**AMENDMENT NO. 1
WASHINGTON COUNTIES INSURANCE POOL
INTERLOCAL AGREEMENT
JANUARY 1, 2006**

The Washington Counties Insurance Pool Interlocal Agreement ("Agreement"), effective December 2000, is amended pursuant to Article 15 to effect certain changes and to ensure consistency with the Washington Counties Insurance Pool's other governing instruments. This Amendment No. 1 is effective January 1, 2006.

Definitions. Article 1 Definitions is replaced in its entirety with the following:

**Article 1
Definitions**

The following definitions shall apply to the provisions of this Agreement:

Appendix. "Appendix" means each of the appendices to the Agreement. Each Appendix shall be considered a part of the Agreement and may be amended by the Board of Directors of the Pool as provided in the particular appendix. If amendment provisions are not included in a particular appendix, the Board of Directors may amend such appendix at any time and for any reason without the consent of any person, except as otherwise provided by law. As of January 1, 2006, the appendices include the Underwriting Guidelines as Appendix I and the Business Associate Agreement as Appendix II.

Assessment. "Assessment" means the moneys paid by certain Participating Employers to the Pool upon withdrawal from the Pool. The assessment is generally based upon the amount of funds received from the Participating Employer minus the Participating Employer's share of administrative costs (administration plus insurance) and the Claims paid on behalf of the Participating Employer's Pool participants. The Board has the final authority to determine the amount of the assessment.

Board of Directors or Board. "Board of Directors" or "Board" means the Board of Directors of the Pool.

Business Associate Agreement. "Business Associate Agreement" means the agreement as defined in the Underwriting Guidelines.

Bylaws. "Bylaws" means the bylaws adopted by the Board and all duly adopted amendments and revisions thereto.

Health and Welfare Benefits. "Health and welfare benefits" means a plan or program established by Local Government Entities for the purpose of

providing employees and their dependents with health care (including dental and vision care, and employee assistance programs), accident, disability, death, or salary protection benefits.

Local Government Entity. "Local Government Entity" means any unit of local government, both general purpose and special purpose, and includes, but is not limited to, counties, cities, towns, port districts, public utility districts, water-sewer districts, school districts, fire protection districts, irrigation districts, metropolitan municipal corporations, conservation districts, and other political subdivisions, governmental subdivisions, municipal corporations, quasi-municipal corporations and nonprofit corporations as defined in Title 24, Chapters 03 or 06 RCW whose membership is limited solely to the participating public agencies or to partnerships organized pursuant to Title 25, Chapter 04 RCW whose partners are limited solely to participating public agencies.

Participating Employer. "Participating Employer" means a Local Government Entity that is a participant in the Pool.

Pool. "Pool" means the Washington Counties Insurance Pool created by this Agreement.

RCW. "RCW" means the Revised Code of Washington of 2004, as amended.

Underwriting Guidelines. "Underwriting Guidelines" means the underwriting guidelines adopted by the Board of Directors and all duly adopted amendments and revisions thereto.

Duration of Agreement. Article 4 Duration of Agreement is revised by replacing the word "employers" with the phrase "Local Government Entities."

Membership Composition. Article 5 Membership Composition is revised by replacing the phrase "units of local government in the State of Washington" with the phrase "Local Government Entities."

Nature of Pool. Article 6 Nature of Pool is replaced in its entirety with the following:

Article 6 Nature of Pool

The Pool shall be an association of Participating Employers independent of all other associations of which the Participating Employers belong. Pool funds shall be expended only for purposes of the Pool consistent with statutes and rules governing the Participating Employers.

Organization. Article 8 Organization is replaced in its entirety with the following:

**Article 8
Organization**

The affairs of the Pool shall be managed by the Board in accordance with the Bylaws and Underwriting Guidelines adopted by the Board. The Board shall meet regularly as outlined in the Bylaws and shall be subject to the Open Public Meetings Act, Title 42, Chapter 30 RCW.

Member Employer Responsibilities. Article 10 Member Employer Responsibilities is revised by replacing the phrase "member employer" with the phrase "Participating Employer" each time the phrase "member employer" appears in Article 10, including the caption.

Cancellation and Withdrawal. Article 12 Cancellation and Withdrawal is replaced in its entirety with the following:

**Article 12
Cancellation and Withdrawal**

Cancellation. A Participating Employer's participation in this Agreement and the Pool may be canceled at any time by an affirmative vote of three-quarters of the entire Board for failure to make full and timely premium payments and failure to fulfill the cooperation and other requirements specified by insurance contracts or other pool governing instruments. The effective date of cancellation shall be one month after the date of Board action.

Withdrawal. Participating Employers may withdraw from the Pool at the end of any Pool fiscal year, provided the Participating Employer has given the Pool a six-month written notice of its intent to withdraw.

Effect of Cancellation and Withdrawal. The cancellation or withdrawal of one or more Participating Employers shall not terminate this Agreement. No withdrawing or canceled Participating Employer shall be entitled to payment or return of any premium, property contributed to the Pool or to any distribution of assets.

Unpaid Liabilities. The cancellation or withdrawal of a Participating Employer shall not terminate its responsibility to contribute its share of premiums or pay an Assessment pursuant to the Underwriting Guidelines. The Board will determine the final amount of payments due from the withdrawing or canceled Participating Employer for the period of its membership.

Termination. Article 13 Termination is revised by replacing the phrase "member employer" with the phrase "Participating Employer" each time the phrase "member employer" appears in Article 13.

Notices. Article 14 Notices is revised by replacing the phrase "member employer" with the phrase "Participating Employer."

Amendments. Article 15 Amendments is replaced in its entirety with the following:

**Article 15
Amendments**

This Agreement may be amended at any time by the written approval of sixty percent of the Participating Employers.

Prohibition Against Assignment. Article 16 Prohibition Against Assignment is revised by replacing the word "employer" with the phrase "Participating Employer."

Enforcement. Article 17 Enforcement is revised by replacing the phrase "member employer" with the phrase "Participating Employer" each time the phrase "member employer" appears in Article 17.

Default. Article 18 Default is revised by replacing the phrase "member employer" with the phrase "Participating Employer" each time the phrase "member employer" appears in Article 18.

IN WITNESS WHEREOF, in accordance with Article 15 Amendments, sixty percent of the Participating Employers have caused this Amendment No. 1 to the Agreement to be duly executed by authorized officials thereof on the dates indicated.

**AMENDMENT NO. 2
WASHINGTON COUNTIES INSURANCE POOL
INTERLOCAL AGREEMENT
JANUARY 1, 2012**

The Washington Counties Insurance Pool Interlocal Agreement ("Agreement"), effective December 2000 and amended on January 1, 2006, is amended pursuant to Article 15 to effect certain changes and to ensure consistency with the Washington Counties Insurance Pool's other governing instruments. This Amendment No. 2 is effective January 1, 2012.

Article 12

Cancellation and Withdrawal

- (b) Withdrawal. Participating Employers may withdraw from the Pool at the end of any Pool fiscal year, provided the Participating Employer has given the Pool a six-month written notice of its intent to withdraw. This provision applies only to medical coverage provided by the Pool. For all other lines of coverage a 30 day notice of withdrawal is required.

IN WITNESS WHEREOF, in accordance with Article 15 Amendments, sixty percent of the Participating Employers have caused this Amendment No. 2 to the Agreement to be duly executed by authorized officials thereof on the dates indicated.

**WASHINGTON COUNTIES INSURANCE POOL
INTERLOCAL AGREEMENT
to include Amendments No. 1 and No. 2**

Washington Counties Insurance Pool Interlocal Agreement approved this 21st day of August, 2012.

Kittitas County
Participating Employer Name

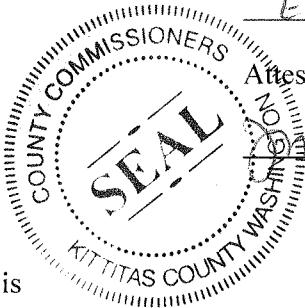
[Signature]
Chair of Board (if applicable)

[Signature]
Other Participating Employer Representative

[Signature]
Other Participating Employer Representative

Constituting the Board governing

Kittitas County
Participating Employer Name
Ellensburg, Washington



Attest: [Signature]
Clerk or Secretary

ACCEPTED BY THE POOL this

5th day of Sept, 2012

By: [Signature]
Washington Counties Insurance Executive Director