

*Stat*  
*Wash. State*

**INTERLOCAL AGREEMENT:**

**CREATING**

**THE ASSOCIATION OF WASHINGTON CITIES  
RISK MANAGEMENT SERVICE AGENCY**

TABLE OF CONTENTS

	<u>Page</u>
PREAMBLE.....	1
RECITALS.....	1
ARTICLE 1 Definitions.....	1
ARTICLE 2 Purposes.....	4
ARTICLE 3 Parties to Agreement.....	5
ARTICLE 4 Term of Agreement.....	5
ARTICLE 5 Creation of Agency.....	5
ARTICLE 6 Powers of the Agency.....	5
ARTICLE 7 The Board of Directors and Powers.....	6
ARTICLE 8 Directors.....	8
ARTICLE 9 Meetings of the Board of Directors.....	9
ARTICLE 10 Officers of the Agency.....	10
ARTICLE 11 Operating Committee.....	11
ARTICLE 12 Coverage.....	12
ARTICLE 13 Development of the Joint Protection Program..	13
ARTICLE 14 Accounts and Records.....	13
ARTICLE 15 Bond Requirements.....	14
ARTICLE 16 Responsibility of the Agency.....	14
ARTICLE 17 Responsibilities of Members .....	15
ARTICLE 18 Interim Period and Effective Date of Program	15
ARTICLE 19 New Members.....	16
ARTICLE 20 Withdrawal and Three Year Commitment.....	16
ARTICLE 21 Cancellation by Agency.....	17
ARTICLE 22 Effect of Withdrawal or Cancellation.....	17

		<u>Page</u>
ARTICLE 23	Termination and Distribution.....	18
ARTICLE 24	Provision for By-Laws and Manual.....	19
ARTICLE 25	Notices.....	19
ARTICLE 26	Amendment.....	19
ARTICLE 27	Enforcement.....	19
ARTICLE 28	Prohibition Against Assignment.....	19
ARTICLE 29	Severability.....	20
ARTICLE 30	Agreement Complete.....	20
ARTICLE 31	Signature in Counterparts.....	20
ARTICLE 32	Authorization of Signature.....	20

**INTERLOCAL AGREEMENT:  
CREATING THE  
ASSOCIATION OF WASHINGTON CITIES  
RISK MANAGEMENT SERVICE AGENCY**

**PREAMBLE**

THIS AGREEMENT is made and entered into in the State of Washington by and among the members organized and existing under the Constitution or laws of the State of Washington, hereinafter collectively referred to as "Members," and individually as "Member," which are parties signatory to this Agreement. Said Members are sometimes referred to herein as "parties."

**RECITALS**

WHEREAS, Ch. 48.62 RCW provides that two or more local governmental agencies may, by Interlocal Agreement, provide insurance for any purpose by one or more of certain specified methods; and

WHEREAS, the Association of Washington Cities desires to provide its Members, as well as other Local Governmental Entities, the opportunity to jointly self-insure or pool their primary risks to enhance their ability to control their insurance programs and coverages; and

WHEREAS, each of the parties to this Agreement desires to join together with the other parties for the purpose of pooling their self-insured losses and jointly purchasing excess insurance and administrative services in connection with a joint protection program for said parties; and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so;

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

**ARTICLE 1  
Definitions**

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

- 1.1 "Agency" shall mean the Association of Washington Cities Risk Management Service Agency said entity created by this Agreement.
- 1.2 "Association" shall mean the Association of Washington Cities.

- 1.3 **"Board of Directors"** or **"Board"** shall mean the governing body of the Association of Washington Cities which will serve ex officio, and by right of office as the Association of Washington Cities Board Members, as the Board of Directors of the Agency.
- 1.4 **"Claims"** shall mean demands made against the Agency arising out of occurrences which are within the Agency's Joint Protection Program as developed by the Board of Directors.
- 1.5 **"Deposit Charge"** shall mean the dollar amount calculated by the Agency which will represent the individual Member's share of Organizational Expenses and the Member's first year premium for participation in the Joint Protection Program administered by the Agency.
- 1.6 **"Excess Insurance"** shall mean that insurance purchased or other financing arrangements made on behalf of the Agency to protect the funds of the Agency against catastrophes or against an unusual frequency of losses during a single year.
- 1.7 **"Executive Director"** shall mean the Executive Director of the Association of Washington Cities who is appointed by the Board of Directors as the Executive Director of the Agency, and responsible for the management of the Agency.
- 1.8 **"Fiscal Year"** shall mean that period of 12 months which is established as the fiscal year of the Agency.
- 1.9 **"Insurance"** shall mean and include self-insurance through a funded program and/or commercial insurance contract.
- 1.10 **"Joint Protection Program"** shall mean the program established by the Board of Directors and intended to address the general operation of the Agency.
- 1.11 **"Local Governmental Entity"** shall mean every unit of local government, both general purpose and special purpose, and shall include, but not be limited to, counties, cities, towns, port districts, public utility districts, water districts, sewer districts, school districts, fire protection districts, irrigation districts, metropolitan municipal corporations, conservation districts, and other political subdivisions, governmental subdivisions, municipal corporations, and quasi municipal corporations.
- 1.12 **"Operating Committee"** shall mean the committee appointed by the Board of Directors which will serve in an advisory capacity to the Board and is authorized to carry out various duties and responsibilities, including, but not limited to the following:

- 1.12.1 Develop and forward to the Board of Directors the proposed Agency Interlocal Agreement/Articles, and Agency goals and objectives.
  - 1.12.2 As soon as practical after the effective date of this Agreement, develop and forward to the Executive Director the Joint Protection Program (JPP) which identifies Agency and Member coverages.
  - 1.12.3 Interview and recommend to the Executive Director consultants to be utilized by the Agency including but not limited to: broker of record, claim administrator, loss control consultants, and risk management consultant.
  - 1.12.4 Develop membership admissions guidelines which affect Member entry into the pool and continued Member participation as provided for in Article 21.
  - 1.12.5 Develop and recommend to the Executive Director standards necessary for the development and maintenance of an effective Agency loss control program.
  - 1.12.6 Review, and where necessary develop and forward recommendations to the Executive Director, Agency program evaluations indicating changes, modifications or additions necessary to enhance Agency efficiency and improve the position of member entities as self-insured organizations.
  - 1.12.7 Make an annual report to the Board of Directors recommending Agency goals and objectives and reviewing loss control programs, membership activity, claims activity, and self insurance activity.
  - 1.12.8 Review all other Agency activity related to Agency operations including but not limited to: claims, insurance, self insurance coverage and limits.
  - 1.12.9 Submit a financial report annually to supplement the Executive Director's annual report, as referenced in Article 14, to the Board of Directors and Members to bring to their attention issues of committee concern.
- 1.13 **"Organizational Expenses"** shall mean those costs incurred by the Association in the course of forming the Agency, including, but not limited to:
- 1.13.1 Consultant fees;
  - 1.13.2 Insurance brokerage commissions;

- 1.13.3 Legal fees;
  - 1.13.4 Loss data analysis with respect to prospective Members; and
  - 1.13.5 Premium Calculation.
- 1.14 "Signatory" or "Signatories" shall mean those parties who sign this Agreement, including execution by Counterpart, thereby becoming a Member of the Agency bound by the terms of this Agreement.

**ARTICLE 2**  
**Purposes**

- 2.1 This Agreement is entered into by the Members to provide for self-insurance pooling and/or the economical purchase of primary Insurance and/or Excess Insurance coverage for all forms of Insurance available or required by law for Local Governmental Entities and for which state law authorizes the formation of pooling organizations to provide such Insurance, to reduce the amount and frequency of the Members' losses, and to decrease the cost incurred by the Members in the handling and litigation of Claims. This purpose shall be accomplished through the exercise of the powers of the Members jointly in the creation of a separate public Agency, the Association of Washington Cities Risk Management Services Agency, to direct and administer a Joint Protection Program wherein the Members will engage in certain activities, including but not limited to the following:
- 2.1.1 Pool their losses and Claims;
  - 2.1.2 Jointly purchase Excess Insurance; and
  - 2.1.3 Jointly purchase administrative and other services including:
    - 2.1.3.1 Claims adjusting;
    - 2.1.3.2 Data processing;
    - 2.1.3.3 Risk management consulting;
    - 2.1.3.4 Loss prevention;
    - 2.1.3.5 Legal; and
    - 2.1.3.6 Miscellaneous related services.
- 2.2 It is also the purpose of the Agreement to provide, to the extent permitted by law, for the inclusion at a subsequent

date of such additional Local Government Entities organized and existing under the Constitution or laws of the State of Washington as may desire to become parties to this Agreement and members of the Agency, subject to approval by the Board of Directors.

- 2.3 It is also the purpose of this Agreement to provide, to the extent permitted by law, that the Agency may, at the discretion of its Directors, contract with non-member Local Government Entities or other public or non-profit entities in the State of Washington to provide, at a reasonable charge, such non-members administrative and other services, including Claims adjusting, data processing, risk management consulting, loss prevention, and training.

### **ARTICLE 3 Parties to Agreement**

Each party to this Agreement certifies that it intends to and does contract with all other parties who are Signatories of this Agreement and, in addition, with such other parties as may later be added to and Signatories of this Agreement pursuant to Article 19. Each party to this Agreement also certifies that the deletion of any party from this Agreement, pursuant to Articles 20 and 21, shall not affect this Agreement nor such party's intent to contract as described above with the other parties to the Agreement then remaining.

### **ARTICLE 4 Term of Agreement**

This Agreement shall become effective on January 1, 1989, and shall be of unlimited duration, but not less than one year, and will continue unless terminated as hereinafter provided in Article 23.

### **ARTICLE 5 Creation of Agency**

Pursuant to Ch. 48.62 RCW, of the State of Washington, the debts, liabilities, and obligations of the Agency shall not constitute debts, liabilities, or obligations of any party to this Agreement.

### **ARTICLE 6 Powers of the Agency**

- 6.1 Agency shall have the powers provided for by law and is hereby authorized to do all acts necessary for the exercise of said powers, including, but not limited to, any or all of the following:
- 6.1.1 Contract or otherwise provide for risk management and loss control services;



- 6.1.2 Contract or otherwise provide legal counsel for the defense of Claims and/or other legal services;
  - 6.1.3 Consult with the state insurance commissioner and/or the state risk manager;
  - 6.1.4 Jointly purchase Insurance coverage in such form and amount as the organization's participants may by contract agree;
  - 6.1.5 Incur debts, liabilities, or obligations;
  - 6.1.6 Acquire, receive, hold, or dispose of property, funds, services, and other forms of assistance from persons, firms, corporations, and governmental entities;
  - 6.1.7 Sue and be sued in its own name;
  - 6.1.8 Hire employees and agents; and
  - 6.1.9 Exercise all powers necessary and proper to carry out the terms and provisions of this Agreement, or otherwise authorized by law including the incorporation of the Agency as a non-profit corporation.
- 6.2 Said powers shall be exercised to the terms hereof and in the manner provided by law.

**ARTICLE 7**  
**The Board of Directors and Powers**

7.1 The Board of Directors

The Agency, its funds and service programs shall be administered by a Board of Directors.

7.2 Agents for Service of Process

Each Director shall be considered as an agent of the Agency for the purpose of accepting service of legal process, provided that the Directors may designate their administrative agent, or another person, as agent of the Agency for this purpose.

7.3 Number of Directors

There shall be nineteen (19) initial Directors of the Agency, who shall be members of the Board of Directors of the Association of Washington Cities serving ex officio and by right of office, as a member of the Board of Directors of the Agency. Each Director of the Association shall be eligible to serve as a Director of the Agency.

#### 7.4 Powers of the Board of Directors

The Board of Directors of the Agency shall have the following powers and functions:

- 7.4.1 The Board shall appoint an Operating Committee pursuant to Article 11, to which it may give authority to make and implement any decisions, including those involving the administration of the Agency, except those decisions that would require an amendment of this Agreement, under Article 26 herein.
- 7.4.2 The Board shall review all acts of the Operating Committee, and shall have the power to modify and/or override any decision or action of the Operating Committee.
- 7.4.3 The Board shall review, modify if necessary, and approve the annual operating budget of the Agency.
- 7.4.4 The Board shall receive and review periodic accountings of all funds under Articles 14 of the Agreement.
- 7.4.5 The Board shall have the power to conduct all business on behalf of the Agency, which the Agency may conduct under the provisions hereof and pursuant to law.
- 7.4.6 The Board shall determine and select all necessary Insurance, including Excess Insurance, necessary to carry out the Joint Protection Program of the Agency.
- 7.4.7 The Board shall have authority to contract for or develop various services for the Agency, including, but not limited to, Claims adjusting, loss control, and risk management consulting services.
- 7.4.8 The Executive Director of the Association of Washington Cities, acting in the capacity of Executive Director of the Agency shall have general supervisory control over the Agency.
- 7.4.9 The Board shall have such other powers and functions as are provided for in this Agreement or those which are necessary to implement the purposes of this Agreement, including, but not limited to, the power to authorize contracts with non-members or other Local Governmental Entities and the Agency, to provide services to such non-members as are set forth in Article 2, upon such terms and conditions

as the Board of Directors shall decide are appropriate.

## ARTICLE 8 Directors

### 8.1 Appointment of Additional or Successor Directors

In the event of the termination of appointment, resignation, or death of a Director, or an increase in the size of the Board of Directors, a successor or additional Director shall be appointed by the Board of Directors of the Association of Washington Cities, in accordance with the rules and bylaws of the Association of Washington Cities. Such appointment shall be effective as of the date specified in a written notice of the appointment delivered to the Chairman or Secretary of the Directors.

### 8.2 Acceptance of Appointment by Directors

Each Director shall sign a document accepting his/her appointment as Director and agreeing to abide by the terms and provisions of this Interlocal Agreement.

### 8.3 Term of Appointment

Each Director shall serve a term coterminous with his or her term on the Board of Directors of the Association of Washington Cities.

### 8.4 Termination of Appointment by Appointing Entity

8.4.1 The appointment of a Director of the Agency may be terminated, at any time, by the Board of Directors of the Association of Washington Cities, in accordance with the rules and bylaws of the Association of Washington Cities.

8.4.2 The termination of a Director's appointment shall be effective upon written notice, mailed to the last address provided to the Agency by the respective Board member, postage prepaid by registered mail and will be deemed received three (3) days after mailing.

### 8.5 Vacancies

No vacancy in the position of Director shall impair the power of the remaining Directors to administer the affairs of the Agency so long as a quorum exists as specified in Article 9, Section 9.2, hereof.

## 8.6 Return of Books and Records

In the event of the termination of appointment, resignation, or death of a Director, the Director (or the Director's legal guardian, heirs, or personal representative) shall, upon the request of the Board of Directors or the Executive Director, forthwith turn over to the Executive Director any and all records, books, documents, monies, and other property in the possession of the Director or under the Director's control, that belong to the Agency or that were received by the Director in his/her capacity as Director.

## ARTICLE 9 Meetings of the Board of Directors

### 9.1 Manner of Voting

Any action to be taken by the Directors at a meeting shall be determined by a majority vote of those Directors at the meeting.

### 9.2 Constitution of a Quorum

To constitute a valid regular or special meeting of the Directors, a quorum must be present. A quorum shall consist of a simple majority of the Directors then serving.

### 9.3 Motions

Any Director including the Chairman may offer or second any motion or resolution presented for the Director's consideration.

### 9.4 Proxies

Any member of the Board shall be permitted to be represented at any Board meeting by his or her proxy who shall be a mayor, councilmember, commissioner, or chief administrative officer of such Board member's entity. If a Board member is absent from three consecutive meetings of the Board, without arranging for proxy, the Board shall declare his or her position vacant, unless the member has been excused by the Board, whose determination as to the reasonableness of such excuse shall be final.

### 9.5 Regular Meetings

The Directors shall hold regular periodic meetings consistent with the needs of Agency business, provided that there shall be at least two (2) regular meetings held during each calendar year. The Directors shall determine the time and place of all regular meetings.

## 9.6 Special Meetings

Either the Chairman or the Executive Director or any two (2) Directors may call a special meeting of the Directors giving written notice to all the other Directors of the time and place of the meeting at least five (5) days before the date set for the meeting, provided that five (5) days advance notice shall not be necessary if all Directors are agreeable to an earlier meeting.

## 9.7 Action Without a Formal Meeting

The Directors may take action without a formal meeting by means of:

9.7.1 a conference telephone call, arranged by the Executive Director, in which all Directors participate;

9.7.2 the presentation of a written motion or resolution sent to all Directors by the Executive Director and the subsequent obtaining of Director votes on the motion or resolution in telephone calls placed to each Director by the Executive Director; or

9.7.3 the presentation of a written motion or resolution sent to all Directors by the Executive Director and the subsequent obtaining of Director votes on the motion or resolution in letters sent by each Director to the Executive Director.

## 9.8 Minutes

Any action under this section shall be reported in the minutes of the next formal meeting.

## ARTICLE 10 Officers of the Agency

### 10.1 Appointment of President and First Vice President

10.1.1 The officers of the Agency shall consist of a President and a First Vice President, elected at the annual meeting of the Association of Washington Cities, serving ex officio and by right of office, in the same capacity on the Board of Directors of the Association of Washington Cities and the Board of Directors of the Agency. Each of such officers shall hold his respective office until the following annual meeting and until his respective successor is duly elected or appointed, and qualified.

- 10.1.2 The President shall preside at all Board meetings of the Agency.
- 10.1.3 In case of the death or disability of the President, the First Vice President shall perform the duties of the President, and in case of his death or disability, such duties shall be performed by the Executive Director.
- 10.1.4 The Executive Director shall record or arrange for the recording of all proceedings of the Board of Directors.

## 10.2 Authorized Signatures

The President and the Executive Director or any two authorized Directors shall sign all negotiable instruments, certificates, contracts, government reports, and other legal documents on behalf of the Agency, provided that the authority for signing negotiable instruments may be delegated to the administrative agent, corporate Directors (if any), depository bank, or custodian bank. All persons doing business with the Agency may rely on such signatures.

## 10.3 Expenses

Each Director shall be reimbursed by the Agency for all expenses properly and actually incurred by such Director in the administration of the Agency.

## **ARTICLE 11** **Operating Committee**

- 11.1 The Board of Directors shall appoint, at the inception of the Agency during a Board meeting, an Operating Committee which shall consist of not less than five or more than nine representatives from Local Governmental Entities participating in the Agency. It is the intent of the Board to provide for the committee to assist the Board and/or Executive Director with the operations of the Agency and to keep the Board and/or Executive Director advised on all aspects of Agency operations and any professional standards requisite to the Agency's operations.
- 11.2 The Board of Directors shall delegate to the Operating Committee various powers including, but not limited to the following:
  - 11.2.1 Develop and forward to the Board of Directors the proposed Agency Interlocal Agreement/Articles, and Agency goals and objectives.
  - 11.2.2 As soon as practical after the effective date of this Agreement, develop and forward to the

Executive Director the Joint Protection Program (JPP) which identifies agency and member coverages.

- 11.2.3 Interview and recommend to the Executive Director consultants to be utilized by the Agency including but not limited to: broker of record, claim administrator, loss control consultants, and risk management consultant.
- 11.2.4 Develop membership admissions guidelines which affect Member entry into the pool and continued Member participation as provided for in Article 21.
- 11.2.5 Develop and recommend to the Executive Director standards necessary for the development and maintenance of an effective Agency loss control program.
- 11.2.6 Review and where necessary develop and forward recommendations to the Executive Director Agency program evaluations indicating changes, modifications or additions necessary to enhance agency efficiency and improve the position of member entities as self-insured organizations.
- 11.2.7 Make an annual report to the Board of Directors recommending Agency goals and objectives and reviewing loss control programs, membership activity, claims activity, and self insurance activity.
- 11.2.8 Review all other Agency activity related to Agency operations including but not limited to: Claims, insurance, self insurance coverage and limits.
- 11.2.9 Submit a financial report annually to supplement the Executive Director's annual report, as referenced in Article 14, to the Board of Directors and Members to bring to their attention issues of committee concern.

## ARTICLE 12 Coverage

- 12.1 The type and limits of the Insurance coverage provided for Members by the Agency shall be established by the Board of Directors.
- 12.2 The Board may arrange purchase of a group policy for Members interested in obtaining additional types or limits of coverage at additional cost to those participating Members. Such additional cost may include an administrative fee for the Agency's services.

- 12.3 The Board may arrange for the purchase of any other Insurance or services deemed necessary to protect the Agency or funds held by the Agency against catastrophe.

#### ARTICLE 13

##### Development of the Joint Protection Program

- 13.1 As soon as practicable after the effective date of this Agreement, the Board of Directors shall establish the Agency's coverage, the amount of initial premiums, the cost allocation plan and formula, the pro forma financial statement of the Agency, and the amount and type of excess or other Insurance to be procured.
- 13.2 The Joint Protection Program provided by the Agency shall extend to all Member operations except as excluded by the Board of Directors.

#### ARTICLE 14

##### Accounts and Records

- 14.1 Annual Budget. The Agency shall annually adopt an operating budget, pursuant to Article 7.4.3 of this Agreement.
- 14.2 Funds and Accounts. The Agency shall establish and maintain such funds and accounts as may be required by good accounting practices. Books and records of the Agency shall be in the hands of the Executive Director and shall be open to any inspection at all reasonable times by Member representatives.
- 14.3 Executive Director's Report. The Executive Director, within one hundred and twenty (120) days after the close of each Fiscal Year, shall give a complete written report of all financial activities for such Fiscal Year to each Member
- 14.4 Annual Audit. The Board shall provide for a certified, annual audit of the accounts and records of the Agency. Such audit shall conform to generally accepted auditing standards. When such an audit of the accounts and records is made by a certified public accountant, a report thereof shall be filed as public record with each of the Members. Such report shall be filed within six (6) months of the end of the year under examination.
- 14.5 Costs. Any costs of the audit, including contracts with, or for employment of, certified public accountants, in making an audit pursuant to this Article, shall be borne by the Agency and shall be considered included within the term "administrative costs."



**ARTICLE 15**  
**Bond Requirements**

The Board may require that all officers and personnel authorized to disburse funds of the Agency, provide a fidelity bond in the amount set by the Board, such bond to be paid for by the Agency.

**ARTICLE 16**  
**Responsibility of the Agency**

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

- 16.1 Provide Insurance coverage as deemed necessary, including but not limited to a self-insurance fund and commercial Insurance, as well as excess coverage and other Insurance, such Insurance, to be arranged by negotiation or bid, and/or purchase, as necessary;
- 16.2 Assist each Member's designated risk manager with the implementation of the risk management functions within the Member entity;
- 16.3 Provide loss prevention, safety, and consulting services to Members as required;
- 16.4 Provide Claims adjusting and subrogation services for Claims covered by the Agency's Joint Protection Program;
- 16.5 Provide loss analysis by the use of statistical studies, data processing, and record and file-keeping services, to identify high exposure operations and to evaluate proper levels of self-retention and deductibles;
- 16.6 Assist Members, as requested, with review of their contracts to determine sufficiency of indemnity and Insurance provisions;
- 16.7 Conduct risk management audits to review the participation of each Member in the program. The audit shall be performed by appointed Agency staff or, at the discretion of the Executive Director, an independent auditor may be retained by contract to conduct the audits;
- 16.8 Provide for the defense of any civil action or proceeding brought against any officer, employee, Board member, or other agent of the Agency, in his or her official or individual capacity or both, on account of an act or omission within the scope of his or her agency as an agent of the Agency; and

- 16.9 The Agency shall have such other responsibilities as deemed necessary by the Board of Directors in order to carry out the purposes of the Agreement.

**ARTICLE 17**  
**Responsibilities of Members**

Members shall have the following responsibilities:

- 17.1 Each member shall appoint an employee of the member entity to be responsible for the risk management function within that member entity and to serve as a liaison between the Member and the Agency as to risk management.
- 17.2 Each Member shall maintain an active safety officer and/or committee, and shall consider all recommendations of the Agency concerning the development and implementation of a loss control policy to prevent unsafe practice(s).
- 17.3 Each Member shall maintain its own set of records, as a loss log, in all categories of loss to insure accuracy of the Agency's loss reporting system.
- 17.4 Each Member shall promptly pay its premium and any readjusted amount promptly to the Agency when due. After withdrawal or termination, each Member shall pay promptly to the Agency its share of any additional premium and accrued interest at a rate determined by the Board, when and if required of it by the Board.
- 17.5 Each Member shall provide the Agency with such other information or assistance as may be necessary for the Agency to carry out the Joint Protection Program under this Agreement.
- 17.6 Each Member shall in any and all ways cooperate with and assist the Agency, and any insurer of the Agency, in all matters relating to this Agreement and covered losses, and will comply with all By-laws, rules, and regulations adopted by the Board of Directors.

**ARTICLE 18**  
**Interim Period and Effective Date of Program**

- 18.1 Interim Period. Once this Agreement has been initially signed, the estimated Deposit Charge for each Member shall be developed by October 15, 1988 and presented to each Member by written notice. Each Member shall have fifteen (15) calendar days from the receipt of such notice to withdraw from the Agreement.

- 18.1.1 After the end of this fifteen (15) day period, and prior to December 1, 1988, each Member's actual Deposit Charge shall be determined. Each Member

which signed the Agreement shall be bound thereby unless the actual Deposit Charge for the first year exceeds the estimated Deposit Charge in the written notice provided pursuant to 18.1. If the actual charge exceeds the estimated Deposit Charge a Member may nevertheless, elect to proceed with its participation in the Joint Protection Program by informing the Agency, in writing, of its decision to that effect.

18.2 Effective Date of Joint Protection Program. After each Member's actual Deposit Charge for the first year has been determined, written notice to that effect shall immediately be given to all Members. The Joint Protection Program shall become effective thirty (30) days from the date of such notice.

18.3 Joint Protection Program. After this Agreement becomes effective, the Agency shall develop the details of the Joint Protection Program more fully described in Articles 12 and 13 of this Agreement.

#### **ARTICLE 19 New Members**

19.1 Admission of New Members. After the effective date of the Joint Protection Program is established by the Agency, according to the provisions of Article 18, additional Members shall be permitted to become Signatories to this Agreement, and to enter the Joint Protection Program, during the first year of operation or in following years. The Directors shall allow entry into the program of new members approved by the Board of Directors at such time during the year as the Board deems appropriate.

19.2 Costs. Members entering under this Article will be required to pay their share of Organizational Expenses as determined by the Board, including those necessary to analyze their loss data and determine their premium.

#### **ARTICLE 20 Withdrawal and Three Year Commitment**

20.1 A Member may withdraw as a party to this Agreement during the Interim Period as provided for in Article 18.1.

20.2 A Member which signs the Agreement and enters the Joint Protection Program pursuant to Article 18 may not withdraw as a party to this Agreement and as a Member of the Agency for a three-year period, commencing on the effective date of the Joint Protection Program, as determined by Article 18.

- 20.3 After the initial three-year noncancellable commitment, a Member may withdraw only at the end of any Fiscal Year, provided it has given the Agency a 12-month written notice of its intent to withdraw from this Agency.
- 20.4 A Member shall be entitled to withdraw from the Agency where it presents to the Board of Directors evidence demonstrating a material breach of contract by the Agency as regards its obligations to the Member. The Member shall be allowed to withdraw from the Agency within ninety (90) days of any finding by the Board of Directors that a material breach of contract by the Agency has occurred. The withdrawal of any Member under the conditions identified here shall not however free it from any and all requirements made of any withdrawing Member.

**ARTICLE 21**  
**Cancellation by Agency**

- 21.1 The Agency shall have the right to cancel any Members participation in the Joint Protection Program upon a three quarters vote of the entire Board of Directors. The Agency's Board of Directors shall, in addition, be responsible to provide for the cancellation of a Member's participation in the Joint Protection Program, where the Operating Committee recommends by a simple majority vote that a Member be expelled for failure to comply with a written condition or term imposed by a majority vote of the Operating Committee in regards to safety or risk management standards established by the Committee and approved by the Board of Directors.
- 21.2 Any Member so cancelled shall be given one hundred eighty (180) days notice prior to the effective date of the cancellation. Any Member so cancelled shall have a period of up to six months coverage under the terms of this or may effect alternate insurance or self insurance arrangements if it so desires. Any Member so cancelled shall, for the purposes of Article 21, be treated as if it had voluntarily withdrawn.

**ARTICLE 22**  
**Effect of Withdrawal or Cancellation**

- 22.1 The withdrawal of any Member from this Agreement shall not terminate the same.
- 22.2 No Member by withdrawing shall be entitled to payment or return of any premium, consideration of property paid, or donated by the Member to the Agency, or to any distribution of assets.
- 22.3 The withdrawal of any Member after the effective date of the Joint Protection Program shall not terminate its

responsibility to contribute its share or premium or funds to any fund or Insurance program created by the Agency until all Claims, or other unpaid liabilities, covering the period the Member was Signatory hereto have been finally resolved and a determination of the final amount of payments due by the Member or credits to the Member for the period of its membership has been made by the Board of Directors. In connection with this determination, the Board may exercise similar powers to those provided for in Article 23.3 of this Agreement.

- 22.4 Any withdrawing or terminated Member shall not be permitted to rejoin the Agency for a period of five (5) years.

**ARTICLE 23**  
**Termination and Distribution**

- 23.1 This Agreement may be terminated at any time during the first three noncancellable years by the written consent of all Members, and thereafter by the written consent of three-fourths of the Members, provided, however, that this Agreement and Agency shall continue to exist for the purpose of paying all debts and liabilities, disposing of all Claims, distributing net assets, and otherwise winding up and liquidating the affairs of the Agency. The Board of Directors is vested with all powers of the Agency during such winding up and liquidation, including the power to require Members, including those which are Members at the time the claim arose or at the time the loss was incurred, to pay their share of any additional amount of premium deemed necessary by the Board for final disposition of all Claims, losses, and liabilities covered by this Agreement. Such additional premium shall be determined and thereafter adjusted, if necessary, in the same manner as provided in Article 13 hereof for annual premiums.
- 23.2 Upon termination of this Agreement, all assets of the Agreement shall be distributed only among the parties that were Members of the Joint Protection Program, including any of those parties which previously withdrew pursuant to Article 20 of this Agreement, in accordance with and proportionate to their cash payments and property contributions made during the term of this Agreement. The Board shall determine such distribution within six months after the last pending claim or loss covered by this Agreement has been finally disposed of.
- 23.3 The Board is vested with all powers of the Agency for the purpose of winding up and dissolving the business affairs of the Agency. These powers shall include the power to require Members, including those which were Members at the time the claim arose or at the time the loss was incurred, to pay their share of any additional amount of premium deemed necessary by the Board for final disposition of all

Claims and losses covered by this Agreement. A Member's share of such additional premium shall be determined on the same basis as that provided for annual premiums in Article 13 of this Agreement, and shall be treated as if it were the next year's annual premium for that Member.

**ARTICLE 24**  
**Provision for By-Laws and Manual**

As soon as practicable after the first meeting of the Board of Directors, and within the first 12 months of the Agency's existence, the Board shall cause to be developed Agency By-Laws and a policy and procedure manual to govern the day-to-day operations of the Agency. Each Member shall receive a copy of any By-Laws, policy statement, or manual developed under this Article.

**ARTICLE 25**  
**Notices**

Notices to Members hereunder shall be sufficient if mailed to the last address provided to the Agency by the respective Member, postage prepaid by registered mail and will be deemed received three (3) days after mailing.

**ARTICLE 26**  
**Amendment**

This Agreement may be amended at any time by the written approval of three quarters of all Members of the Agency.

**ARTICLE 27**  
**Enforcement**

The Agency is hereby granted the authority to enforce this Agreement. In the event action is instituted to enforce any term of this Agreement or any term of the By-Laws against any City Member which signed this Agreement, the substantially prevailing party in such dispute shall be entitled to its costs and reasonable attorneys fees.

**ARTICLE 28**  
**Prohibition Against Assignment**

No Member may assign any right, claim, or interest it may have under this Agreement, except to a successor entity following a reorganization. No creditor, assignee, or third-party beneficiary of any Member shall have any right, claim, or title to any part, share, interest, fund, premium, or asset of the Agency. Should any participating Member reorganize in accordance with the statutes of the State of Washington, the successor in interest, or successors in interest, may be substituted as a Member upon approval by the Board.

**ARTICLE 29  
Severability**

In the event that any article, provision, clause, or other part of this Agreement should be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability with respect to other articles, clauses, applications, or occurrences, and this Agreement is expressly declared to be severable.

**ARTICLE 30  
Agreement Complete**

The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein.

**ARTICLE 31  
Signature in Counterparts**

This Agreement may be executed in any number of Counterparts and each of such Counterparts shall for all purposes constitute one Agreement, binding on all Members, notwithstanding that all Members are not Signatories to the same Counterpart. All references herein to this Agreement are deemed to refer to all such Counterparts.

**ARTICLE 32  
Authorization of Signature**

Each Member signing this Agreement has passed the required Ordinance or Resolution authorizing and approving this Agreement, a certified copy of which Ordinance or Resolution is attached hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by authorized officials thereof.

**THE ASSOCIATION OF WASHINGTON  
CITIES RISK MANAGEMENT SERVICE  
AGENCY**

Poulsbo  
(Agency Name)

Stan Finkelstein  
By Stan Finkelstein  
Its Executive Director

By Richard Milburn  
Its Mayor

Amendment Language to:

ARTICLE 20  
Withdrawal

- 20.1 A Member may withdraw as a party to this Agreement during the Interim Period as provided for in Article 18.1.
- 20.2.1 A Member signing this Agreement and entering into the Joint Protection Program pursuant to Article 18 prior to June 18, 1991 may not withdraw as a party to this Agreement and as a Member of the Agency for a three-year period, commencing on the effective date of the Joint Protection Program, as determined by Article 18.
- 20.2.2 A Member signing this Agreement pursuant to Article 19 on or subsequent to June 18, 1991 may not withdraw as a party to this Agreement and as a Member of the Agency for a one-year period commencing on the date said Member signs the Agreement.
- 20.3.1 After the initial three-year noncancellable commitment provided pursuant to Section 20.2.1 of this Agreement, a Member may withdraw only at the end of any Fiscal Year, provided it has given the Agency a 12-month written notice of its intent to withdraw from this Agency.
- 20.3.2 After the initial one-year noncancellable commitment provided pursuant to Section 20.2.2 of this Agreement, a Member may withdraw only at the end of any Fiscal Year, provided it has given the Agency a 12-month written notice of its intent to withdraw from this Agency.
- 20.4 A Member shall be entitled to withdraw from the Agency where it presents to the Board of Directors evidence demonstrating a material breach of contract by the Agency as regards its obligations to the Member. The Member shall be allowed to withdraw from the agency within ninety (90) days of any finding by the Board of Directors that a material breach of contract by the Agency has occurred. The withdrawal of any Member under the conditions identified here shall not however free it from any and all requirements made of any withdrawing Member.

Amendment effective June 18, 1991. Adopted by three-quarters of the membership in accordance to the bylaws and interlocal agreement creating the Association of Washington Cities Risk Management Service Agency.



RESOLUTION NO. 92-10

**A RESOLUTION OF THE CITY OF POULSBO, WASHINGTON,  
REGARDING MEMBERSHIP IN THE ASSOCIATION OF WASHINGTON  
CITIES RISK MANAGEMENT SERVICE AGENCY.**

WHEREAS, the Association of Washington Cities Risk Management Service Agency (RIMS) offers pooled self-insurance, offering cost stability and the potential for long-term savings; and

WHEREAS, RIMS is sponsored by the Association of Washington Cities as a service to Washington cities; and

WHEREAS, the City of Poulsbo finds that membership in RIMS is of benefit in managing the risks involved in providing services to its citizens; and

WHEREAS, the City of Poulsbo has been provided with an opportunity to review the Pool Agreement; and

WHEREAS, the City of Poulsbo has submitted the Pool Agreement to its legal counsel to review for compliance with the Charter and Ordinances; now therefore;

THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON, HEREBY RESOLVES AS FOLLOWS;

The City of Poulsbo does hereby enter into a contract with RIMS and becomes a member of the RIMS for a one-year period commencing May 13, 1992, and agrees to abide by the terms of the Trust Agreement, which, along with this Resolution, constitutes the contract between the City of Poulsbo and RIMS. The Mayor is hereby authorized to execute such documents as are necessary pursuant to this resolution.

RESOLVED this 13th day of May 1992.

APPROVED:

  
MAYOR, RICHARD MITCHUSSON

ATTEST/AUTHENTICATED:

  
CITY CLERK, KAROL JONES

FILED WITH THE CITY CLERK: 5/7/92  
PASSED BY THE CITY COUNCIL: 5/13/92  
RESOLUTION NO. 92- 10



Administration 779-3901  
Engineering 779-5111

Fire 779-3997  
Planning 779-3006

Police 779-3113  
Public Works 779-4078

Bremerton 479-8441  
Seattle 223-5259

**CLERK'S CERTIFICATE**

I, the undersigned, the duly chosen, qualified and acting Clerk of the City of Poulsbo, Washington, and keeper of the records of the Council of the City (herein called the "Council"), DO HEREBY CERTIFY:

1. That the attached Resolution No. 92-10 (herein called the "resolution") is a true and correct copy of a resolution of the City, as finally passed at a meeting of the Council held on the 13th day of May, 1992, and duly recorded in my office.
2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of the resolution; that all other requirements and proceedings incident to the proper passage of the resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City this 14th day of May, 1992.

(SEAL)

Karol Jones  
Karol Jones, City Clerk  
City of Poulsbo, Washington

*Stat*  
05.13.92

INTERLOCAL AGREEMENT:

CREATING

THE ASSOCIATION OF WASHINGTON CITIES  
RISK MANAGEMENT SERVICE AGENCY

TABLE OF CONTENTS

	<u>Page</u>
PREAMBLE.....	1
RECITALS.....	1
ARTICLE 1 Definitions.....	1
ARTICLE 2 Purposes.....	4
ARTICLE 3 Parties to Agreement.....	5
ARTICLE 4 Term of Agreement.....	5
ARTICLE 5 Creation of Agency.....	5
ARTICLE 6 Powers of the Agency.....	5
ARTICLE 7 The Board of Directors and Powers.....	6
ARTICLE 8 Directors.....	8
ARTICLE 9 Meetings of the Board of Directors.....	9
ARTICLE 10 Officers of the Agency.....	10
ARTICLE 11 Operating Committee.....	11
ARTICLE 12 Coverage.....	12
ARTICLE 13 Development of the Joint Protection Program..	13
ARTICLE 14 Accounts and Records.....	13
ARTICLE 15 Bond Requirements.....	14
ARTICLE 16 Responsibility of the Agency.....	14
ARTICLE 17 Responsibilities of Members .....	15
ARTICLE 18 Interim Period and Effective Date of Program	15
ARTICLE 19 New Members.....	16
ARTICLE 20 Withdrawal and Three Year Commitment.....	16
ARTICLE 21 Cancellation by Agency.....	17
ARTICLE 22 Effect of Withdrawal or Cancellation.....	17

**INTERLOCAL AGREEMENT:  
CREATING THE  
ASSOCIATION OF WASHINGTON CITIES  
RISK MANAGEMENT SERVICE AGENCY**

**PREAMBLE**

THIS AGREEMENT is made and entered into in the State of Washington by and among the members organized and existing under the Constitution or laws of the State of Washington, hereinafter collectively referred to as "Members," and individually as "Member," which are parties signatory to this Agreement. Said Members are sometimes referred to herein as "parties."

**RECITALS**

WHEREAS, Ch. 48.62 RCW provides that two or more local governmental agencies may, by Interlocal Agreement, provide insurance for any purpose by one or more of certain specified methods; and

WHEREAS, the Association of Washington Cities desires to provide its Members, as well as other Local Governmental Entities, the opportunity to jointly self-insure or pool their primary risks to enhance their ability to control their insurance programs and coverages; and

WHEREAS, each of the parties to this Agreement desires to join together with the other parties for the purpose of pooling their self-insured losses and jointly purchasing excess insurance and administrative services in connection with a joint protection program for said parties; and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so;

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

**ARTICLE 1  
Definitions**

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

- 1.1 "Agency" shall mean the Association of Washington Cities Risk Management Service Agency said entity created by this Agreement.
- 1.2 "Association" shall mean the Association of Washington Cities.

- 1.12.1 Develop and forward to the Board of Directors the proposed Agency Interlocal Agreement/Articles, and Agency goals and objectives.
  - 1.12.2 As soon as practical after the effective date of this Agreement, develop and forward to the Executive Director the Joint Protection Program (JPP) which identifies Agency and Member coverages.
  - 1.12.3 Interview and recommend to the Executive Director consultants to be utilized by the Agency including but not limited to: broker of record, claim administrator, loss control consultants, and risk management consultant.
  - 1.12.4 Develop membership admissions guidelines which affect Member entry into the pool and continued Member participation as provided for in Article 21.
  - 1.12.5 Develop and recommend to the Executive Director standards necessary for the development and maintenance of an effective Agency loss control program.
  - 1.12.6 Review, and where necessary develop and forward recommendations to the Executive Director, Agency program evaluations indicating changes, modifications or additions necessary to enhance Agency efficiency and improve the position of member entities as self-insured organizations.
  - 1.12.7 Make an annual report to the Board of Directors recommending Agency goals and objectives and reviewing loss control programs, membership activity, claims activity, and self insurance activity.
  - 1.12.8 Review all other Agency activity related to Agency operations including but not limited to: claims, insurance, self insurance coverage and limits.
  - 1.12.9 Submit a financial report annually to supplement the Executive Director's annual report, as referenced in Article 14, to the Board of Directors and Members to bring to their attention issues of committee concern.
- 1.13 "Organizational Expenses" shall mean those costs incurred by the Association in the course of forming the Agency, including, but not limited to:
- 1.13.1 Consultant fees;
  - 1.13.2 Insurance brokerage commissions;

date of such additional Local Government Entities organized and existing under the Constitution or laws of the State of Washington as may desire to become parties to this Agreement and members of the Agency, subject to approval by the Board of Directors.

- 2.3 It is also the purpose of this Agreement to provide, to the extent permitted by law, that the Agency may, at the discretion of its Directors, contract with non-member Local Government Entities or other public or non-profit entities in the State of Washington to provide, at a reasonable charge, such non-members administrative and other services, including Claims adjusting, data processing, risk management consulting, loss prevention, and training.

### **ARTICLE 3 Parties to Agreement**

Each party to this Agreement certifies that it intends to and does contract with all other parties who are Signatories of this Agreement and, in addition, with such other parties as may later be added to and Signatories of this Agreement pursuant to Article 19. Each party to this Agreement also certifies that the deletion of any party from this Agreement, pursuant to Articles 20 and 21, shall not affect this Agreement nor such party's intent to contract as described above with the other parties to the Agreement then remaining.

### **ARTICLE 4 Term of Agreement**

This Agreement shall become effective on January 1, 1989, and shall be of unlimited duration, but not less than one year, and will continue unless terminated as hereinafter provided in Article 23.

### **ARTICLE 5 Creation of Agency**

Pursuant to Ch. 48.62 RCW, of the State of Washington, the debts, liabilities, and obligations of the Agency shall not constitute debts, liabilities, or obligations of any party to this Agreement.

### **ARTICLE 6 Powers of the Agency**

- 6.1 Agency shall have the powers provided for by law and is hereby authorized to do all acts necessary for the exercise of said powers, including, but not limited to, any or all of the following:

- 6.1.1 Contract or otherwise provide for risk management and loss control services;



#### 7.4 Powers of the Board of Directors

The Board of Directors of the Agency shall have the following powers and functions:

- 7.4.1 The Board shall appoint an Operating Committee pursuant to Article 11, to which it may give authority to make and implement any decisions, including those involving the administration of the Agency, except those decisions that would require an amendment of this Agreement, under Article 26 herein.
- 7.4.2 The Board shall review all acts of the Operating Committee, and shall have the power to modify and/or override any decision or action of the Operating Committee.
- 7.4.3 The Board shall review, modify if necessary, and approve the annual operating budget of the Agency.
- 7.4.4 The Board shall receive and review periodic accountings of all funds under Articles 14 of the Agreement.
- 7.4.5 The Board shall have the power to conduct all business on behalf of the Agency, which the Agency may conduct under the provisions hereof and pursuant to law.
- 7.4.6 The Board shall determine and select all necessary Insurance, including Excess Insurance, necessary to carry out the Joint Protection Program of the Agency.
- 7.4.7 The Board shall have authority to contract for or develop various services for the Agency, including, but not limited to, Claims adjusting, loss control, and risk management consulting services.
- 7.4.8 The Executive Director of the Association of Washington Cities, acting in the capacity of Executive Director of the Agency shall have general supervisory control over the Agency.
- 7.4.9 The Board shall have such other powers and functions as are provided for in this Agreement or those which are necessary to implement the purposes of this Agreement, including, but not limited to, the power to authorize contracts with non-members or other Local Governmental Entities and the Agency, to provide services to such non-members as are set forth in Article 2, upon such terms and conditions

## 8.6 Return of Books and Records

In the event of the termination of appointment, resignation, or death of a Director, the Director (or the Director's legal guardian, heirs, or personal representative) shall, upon the request of the Board of Directors or the Executive Director, forthwith turn over to the Executive Director any and all records, books, documents, monies, and other property in the possession of the Director or under the Director's control, that belong to the Agency or that were received by the Director in his/her capacity as Director.

## ARTICLE 9 Meetings of the Board of Directors

### 9.1 Manner of Voting

Any action to be taken by the Directors at a meeting shall be determined by a majority vote of those Directors at the meeting.

### 9.2 Constitution of a Quorum

To constitute a valid regular or special meeting of the Directors, a quorum must be present. A quorum shall consist of a simple majority of the Directors then serving.

### 9.3 Motions

Any Director including the Chairman may offer or second any motion or resolution presented for the Director's consideration.

### 9.4 Proxies

Any member of the Board shall be permitted to be represented at any Board meeting by his or her proxy who shall be a mayor, councilmember, commissioner, or chief administrative officer of such Board member's entity. If a Board member is absent from three consecutive meetings of the Board, without arranging for proxy, the Board shall declare his or her position vacant, unless the member has been excused by the Board, whose determination as to the reasonableness of such excuse shall be final.

### 9.5 Regular Meetings

The Directors shall hold regular periodic meetings consistent with the needs of Agency business, provided that there shall be at least two (2) regular meetings held during each calendar year. The Directors shall determine the time and place of all regular meetings.

10.1.2 The President shall preside at all Board meetings of the Agency.

10.1.3 In case of the death or disability of the President, the First Vice President shall perform the duties of the President, and in case of his death or disability, such duties shall be performed by the Executive Director.

10.1.4 The Executive Director shall record or arrange for the recording of all proceedings of the Board of Directors.

## 10.2 Authorized Signatures

The President and the Executive Director or any two authorized Directors shall sign all negotiable instruments, certificates, contracts, government reports, and other legal documents on behalf of the Agency, provided that the authority for signing negotiable instruments may be delegated to the administrative agent, corporate Directors (if any), depository bank, or custodian bank. All persons doing business with the Agency may rely on such signatures.

## 10.3 Expenses

Each Director shall be reimbursed by the Agency for all expenses properly and actually incurred by such Director in the administration of the Agency.

## ARTICLE 11 Operating Committee

11.1 The Board of Directors shall appoint, at the inception of the Agency during a Board meeting, an Operating Committee which shall consist of not less than five or more than nine representatives from Local Governmental Entities participating in the Agency. It is the intent of the Board to provide for the committee to assist the Board and/or Executive Director with the operations of the Agency and to keep the Board and/or Executive Director advised on all aspects of Agency operations and any professional standards requisite to the Agency's operations.

11.2 The Board of Directors shall delegate to the Operating Committee various powers including, but not limited to the following:

11.2.1 Develop and forward to the Board of Directors the proposed Agency Interlocal Agreement/Articles, and Agency goals and objectives.

11.2.2 As soon as practical after the effective date of this Agreement, develop and forward to the

- 12.3 The Board may arrange for the purchase of any other Insurance or services deemed necessary to protect the Agency or funds held by the Agency against catastrophe.

#### ARTICLE 13

##### Development of the Joint Protection Program

- 13.1 As soon as practicable after the effective date of this Agreement, the Board of Directors shall establish the Agency's coverage, the amount of initial premiums, the cost allocation plan and formula, the pro forma financial statement of the Agency, and the amount and type of excess or other Insurance to be procured.
- 13.2 The Joint Protection Program provided by the Agency shall extend to all Member operations except as excluded by the Board of Directors.

#### ARTICLE 14

##### Accounts and Records

- 14.1 Annual Budget. The Agency shall annually adopt an operating budget, pursuant to Article 7.4.3 of this Agreement.
- 14.2 Funds and Accounts. The Agency shall establish and maintain such funds and accounts as may be required by good accounting practices. Books and records of the Agency shall be in the hands of the Executive Director and shall be open to any inspection at all reasonable times by Member representatives.
- 14.3 Executive Director's Report. The Executive Director, within one hundred and twenty (120) days after the close of each Fiscal Year, shall give a complete written report of all financial activities for such Fiscal Year to each Member
- 14.4 Annual Audit. The Board shall provide for a certified, annual audit of the accounts and records of the Agency. Such audit shall conform to generally accepted auditing standards. When such an audit of the accounts and records is made by a certified public accountant, a report thereof shall be filed as public record with each of the Members. Such report shall be filed within six (6) months of the end of the year under examination.
- 14.5 Costs. Any costs of the audit, including contracts with, or for employment of, certified public accountants, in making an audit pursuant to this Article, shall be borne by the Agency and shall be considered included within the term "administrative costs."

- 16.9 The Agency shall have such other responsibilities as deemed necessary by the Board of Directors in order to carry out the purposes of the Agreement.

**ARTICLE 17**  
**Responsibilities of Members**

Members shall have the following responsibilities:

- 17.1 Each member shall appoint an employee of the member entity to be responsible for the risk management function within that member entity and to serve as a liaison between the Member and the Agency as to risk management.
- 17.2 Each Member shall maintain an active safety officer and/or committee, and shall consider all recommendations of the Agency concerning the development and implementation of a loss control policy to prevent unsafe practice(s).
- 17.3 Each Member shall maintain its own set of records, as a loss log, in all categories of loss to insure accuracy of the Agency's loss reporting system.
- 17.4 Each Member shall promptly pay its premium and any readjusted amount promptly to the Agency when due. After withdrawal or termination, each Member shall pay promptly to the Agency its share of any additional premium and accrued interest at a rate determined by the Board, when and if required of it by the Board.
- 17.5 Each Member shall provide the Agency with such other information or assistance as may be necessary for the Agency to carry out the Joint Protection Program under this Agreement.
- 17.6 Each Member shall in any and all ways cooperate with and assist the Agency, and any insurer of the Agency, in all matters relating to this Agreement and covered losses, and will comply with all By-laws, rules, and regulations adopted by the Board of Directors.

**ARTICLE 18**  
**Interim Period and Effective Date of Program**

- 18.1 Interim Period. Once this Agreement has been initially signed, the estimated Deposit Charge for each Member shall be developed by October 15, 1988 and presented to each Member by written notice. Each Member shall have fifteen (15) calendar days from the receipt of such notice to withdraw from the Agreement.

- 18.1.1 After the end of this fifteen (15) day period, and prior to December 1, 1988, each Member's actual Deposit Charge shall be determined. Each Member

- 20.3 After the initial three-year noncancellable commitment, a Member may withdraw only at the end of any Fiscal Year, provided it has given the Agency a 12-month written notice of its intent to withdraw from this Agency.
- 20.4 A Member shall be entitled to withdraw from the Agency where it presents to the Board of Directors evidence demonstrating a material breach of contract by the Agency as regards its obligations to the Member. The Member shall be allowed to withdraw from the Agency within ninety (90) days of any finding by the Board of Directors that a material breach of contract by the Agency has occurred. The withdrawal of any Member under the conditions identified here shall not however free it from any and all requirements made of any withdrawing Member.

**ARTICLE 21**  
**Cancellation by Agency**

- 21.1 The Agency shall have the right to cancel any Members participation in the Joint Protection Program upon a three quarters vote of the entire Board of Directors. The Agency's Board of Directors shall, in addition, be responsible to provide for the cancellation of a Member's participation in the Joint Protection Program, where the Operating Committee recommends by a simple majority vote that a Member be expelled for failure to comply with a written condition or term imposed by a majority vote of the Operating Committee in regards to safety or risk management standards established by the Committee and approved by the Board of Directors.
- 21.2 Any Member so cancelled shall be given one hundred eighty (180) days notice prior to the effective date of the cancellation. Any Member so cancelled shall have a period of up to six months coverage under the terms of this or may effect alternate insurance or self insurance arrangements if it so desires. Any Member so cancelled shall, for the purposes of Article 21, be treated as if it had voluntarily withdrawn.

**ARTICLE 22**  
**Effect of Withdrawal or Cancellation**

- 22.1 The withdrawal of any Member from this Agreement shall not terminate the same.
- 22.2 No Member by withdrawing shall be entitled to payment or return of any premium, consideration of property paid, or donated by the Member to the Agency, or to any distribution of assets.
- 22.3 The withdrawal of any Member after the effective date of the Joint Protection Program shall not terminate its

Claims and losses covered by this Agreement. A Member's share of such additional premium shall be determined on the same basis as that provided for annual premiums in Article 13 of this Agreement, and shall be treated as if it were the next year's annual premium for that Member.

**ARTICLE 24**  
**Provision for By-Laws and Manual**

As soon as practicable after the first meeting of the Board of Directors, and within the first 12 months of the Agency's existence, the Board shall cause to be developed Agency By-Laws and a policy and procedure manual to govern the day-to-day operations of the Agency. Each Member shall receive a copy of any By-Laws, policy statement, or manual developed under this Article.

**ARTICLE 25**  
**Notices**

Notices to Members hereunder shall be sufficient if mailed to the last address provided to the Agency by the respective Member, postage prepaid by registered mail and will be deemed received three (3) days after mailing.

**ARTICLE 26**  
**Amendment**

This Agreement may be amended at any time by the written approval of three quarters of all Members of the Agency.

**ARTICLE 27**  
**Enforcement**

The Agency is hereby granted the authority to enforce this Agreement. In the event action is instituted to enforce any term of this Agreement or any term of the By-Laws against any City Member which signed this Agreement, the substantially prevailing party in such dispute shall be entitled to its costs and reasonable attorneys fees.

**ARTICLE 28**  
**Prohibition Against Assignment**

No Member may assign any right, claim, or interest it may have under this Agreement, except to a successor entity following a reorganization. No creditor, assignee, or third-party beneficiary of any Member shall have any right, claim, or title to any part, share, interest, fund, premium, or asset of the Agency. Should any participating Member reorganize in accordance with the statutes of the State of Washington, the successor in interest, or successors in interest, may be substituted as a Member upon approval by the Board.

Amendment Language to:

ARTICLE 20  
Withdrawal

- 20.1 A Member may withdraw as a party to this Agreement during the Interim Period as provided for in Article 18.1.
- 20.2.1 A Member signing this Agreement and entering into the Joint Protection Program pursuant to Article 18 prior to June 18, 1991 may not withdraw as a party to this Agreement and as a Member of the Agency for a three-year period, commencing on the effective date of the Joint Protection Program, as determined by Article 18.
- 20.2.2 A Member signing this Agreement pursuant to Article 19 on or subsequent to June 18, 1991 may not withdraw as a party to this Agreement and as a Member of the Agency for a one-year period commencing on the date said Member signs the Agreement.
- 20.3.1 After the initial three-year noncancellable commitment provided pursuant to Section 20.2.1 of this Agreement, a Member may withdraw only at the end of any Fiscal Year, provided it has given the Agency a 12-month written notice of its intent to withdraw from this Agency.
- 20.3.2 After the initial one-year noncancellable commitment provided pursuant to Section 20.2.2 of this Agreement, a Member may withdraw only at the end of any Fiscal Year, provided it has given the Agency a 12-month written notice of its intent to withdraw from this Agency.
- 20.4 A Member shall be entitled to withdraw from the Agency where it presents to the Board of Directors evidence demonstrating a material breach of contract by the Agency as regards its obligations to the Member. The Member shall be allowed to withdraw from the agency within ninety (90) days of any finding by the Board of Directors that a material breach of contract by the Agency has occurred. The withdrawal of any Member under the conditions identified here shall not however free it from any and all requirements made of any withdrawing Member.

Amendment effective June 18, 1991. Adopted by three-quarters of the membership in accordance to the bylaws and interlocal agreement creating the Association of Washington Cities Risk Management Service Agency.



RESOLUTION NO. 92-10

**A RESOLUTION OF THE CITY OF POULSBO, WASHINGTON,  
REGARDING MEMBERSHIP IN THE ASSOCIATION OF WASHINGTON  
CITIES RISK MANAGEMENT SERVICE AGENCY.**

WHEREAS, the Association of Washington Cities Risk Management Service Agency (RIMS) offers pooled self-insurance, offering cost stability and the potential for long-term savings; and

WHEREAS, RIMS is sponsored by the Association of Washington Cities as a service to Washington cities; and

WHEREAS, the City of Poulsbo finds that membership in RIMS is of benefit in managing the risks involved in providing services to its citizens; and

WHEREAS, the City of Poulsbo has been provided with an opportunity to review the Pool Agreement; and

WHEREAS, the City of Poulsbo has submitted the Pool Agreement to its legal counsel to review for compliance with the Charter and Ordinances; now therefore;

THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON, HEREBY RESOLVES AS FOLLOWS;

The City of Poulsbo does hereby enter into a contract with RIMS and becomes a member of the RIMS for a one-year period commencing May 13, 1992, and agrees to abide by the terms of the Trust Agreement, which, along with this Resolution, constitutes the contract between the City of Poulsbo and RIMS. The Mayor is hereby authorized to execute such documents as are necessary pursuant to this resolution.

RESOLVED this 13th day of May 1992.

APPROVED:

  
MAYOR, RICHARD MITCHUSSON

ATTEST/AUTHENTICATED:

  
CITY CLERK, KAROL JONES

FILED WITH THE CITY CLERK: 5/7/92  
PASSED BY THE CITY COUNCIL: 5/13/92  
RESOLUTION NO. 92- 10

# CITY OF POULSBO



POST OFFICE BOX 98  
POULSBO, WASHINGTON 98370

Administration 779-3901  
Engineering 779-5111

Fire 779-3997  
Planning 779-3006

Police 779-3113  
Public Works 779-4078

Bremerton 479-8441  
Seattle 223-5259

## CLERK'S CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Clerk of the City of Poulsbo, Washington, and keeper of the records of the Council of the City (herein called the "Council"), DO HEREBY CERTIFY:

1. That the attached Resolution No. 92-10 (herein called the "resolution") is a true and correct copy of a resolution of the City, as finally passed at a meeting of the Council held on the 13th day of May, 1992, and duly recorded in my office.
2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of the resolution; that all other requirements and proceedings incident to the proper passage of the resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City this 14th day of May, 1992.

(SEAL)

Karol Jones  
Karol Jones, City Clerk  
City of Poulsbo, Washington

Certres.frm