

INTERLOCAL COOPERATION AGREEMENT
Establishing the
CWPU UNIFIED INSURANCE PROGRAM TRUST
and
DECLARATION OF TRUST

WHEREAS, this is an interlocal cooperation agreement prepared pursuant to the authority provided under Chapter 39.34 RCW.

WHEREAS, the following public utility districts signatory to this Agreement and Declaration of Trust are municipal corporations of the State of Washington organized and existing under the provisions of RCW Chapter 54:

Public Utility District No. 1 of Benton County (Benton);
Public Utility District No. 1 of Douglas County (Douglas);
Public Utility District No. 1 of Ferry County (Ferry);
Public Utility District No. 1 of Franklin County (Franklin);
Public Utility District No. 2 of Grant County (Grant);
Public Utility District No. 1 of Okanogan County (Okanogan);
Public Utility District No. 1 of Pend Oreille County (Pend Oreille);

and

WHEREAS, the aforesaid Districts have established a program known as Central Washington Public Utilities (CWPU) Unified Insurance Program (hereafter "CWPU Unified Insurance Program"), the purpose of which is to provide for the uniform administration of the group insurance programs of said Districts; and

WHEREAS, the CWPU Unified Insurance Program Benefits currently include Medical-Surgical-Hospital benefits, Dental benefits, and Life and Long-Term Disability Insurance benefits for those employees of the Districts and others eligible to participate; and

WHEREAS, the aforesaid Districts desire to create and by this Agreement and Declaration of Trust do create a trust for the purpose of performing certain functions, as

herein described, in administering the CWPU Unified Insurance Program and in providing the aforesaid Benefits;

NOW, THEREFORE, it is hereby agreed by and between the undersigned Districts as follows:

ARTICLE I

NAME

These Districts create by this Agreement and Declaration of Trust (hereafter called "Trust Agreement") an entity to be known as the "CWPU Unified Insurance Program Trust." The Trustees may hold property, enter into contracts, open accounts, and in all matters conduct the business and act on behalf of the Trust, as directed by the Districts.

ARTICLE II

DEFINITIONS

The following definitions shall apply in this Trust Agreement:

1. The term "District" shall mean any one of the above named districts and the term "Districts" shall mean all of the seven above named Districts which are signatory to this Trust Agreement.
2. The term "Benefits" shall mean the Medical-Surgical-Hospital benefits, the Dental benefits, and the Life and Long-Term Disability Insurance benefits as they are now being provided by the Districts or as such benefits may hereafter be modified by direction of the Districts to the Trustees and shall also include such other benefits as the Districts shall in the future direct the Trustees to provide by self-insurance or by contract with the Carrier or Carriers to be selected by the Trustees.
3. The term "Carrier" shall mean an insurance company or other firm which contracts to provide benefits.
4. The term "Employer" shall mean each of the Districts' signatory to this Trust Agreement.
5. The term "Employee" as used in this Trust Agreement shall mean:

- a. Any employee of a District with respect to whose employment a District is required to make contributions into the Trust;
 - b. Commissioners of a District for whom contributions to the extent authorized by the Districts under the CWPU Unified Insurance Program are made to the Trust; and
 - c. Persons who have elected or elect in the future to take retirement from an Employer and for whom contributions are received by the Trust in order to continue benefits coverage for such retirees if and to the extent such benefits continuance is authorized by the Districts under the CWPU Unified Insurance Program.
6. The term "Participant" shall mean any Employee or former Employee of Employer who is or may be eligible to receive a benefit of any type under the CWPU Unified Insurance Program or whose Beneficiaries may be eligible to receive any such benefit.
 7. The term "Beneficiary" shall mean a person designated by a Participant or who, by the terms of the plan of benefits established under the CWPU Unified Insurance Program (such as a dependent or member of the family of a Participant), is or may become entitled to a benefit thereunder.
 8. The term "Trustees" or "Board of Trustees" shall mean the Trustees and Alternate Trustees designated pursuant to Article IV, Section 1 of this Trust Agreement, together with their successors designated and appointed in accordance with the terms of this Trust Agreement.
 9. The terms "Trust" or "Trust Fund" or "Fund" shall mean the entire estate of the CWPU Unified Insurance Program Trust as it may from time to time be constituted including, but not limited to policies of insurance, contracts, investments, and the income from investments, Employer contributions, and any and all other assets, property or money received by or managed by the Trustees, as directed by the Districts, for the uses and purpose of this Trust.
 10. The term "Plan" shall mean the program of benefits created by the Districts in the CWPU Unified Insurance Program and administered by the Trustees under the terms of this Trust Agreement.

ARTICLE III

CREATION AND PURPOSES OF TRUST

This Trust and Trust Fund are created, established, and maintained and the Trustees agree to receive and hold the Trust Fund and administer the Trust and Trust Fund for the purposes of providing Benefits for Participants and Beneficiaries as now are, or as hereafter may be authorized and directed by the Districts in the CWPU Unified Insurance Program.

ARTICLE IV

THE TRUSTEES

1. Number, Appointment, Term

The Trust and Trust Fund shall be administered by seven trustees, one of whom shall be appointed by each of the seven Districts and who shall be at all times an employee of that District. Seven Alternate Trustees shall be appointed, one by each District, who shall also be employees of the District making the appointment. Each Alternate Trustee shall have full authority to act in the absence of the regular Trustee for the District which appoints the Alternate Trustee. The District which has designated a Trustee or Alternate Trustee shall select successor Trustees or Alternate Trustees whenever vacancies occur in their respective appointees. A vacancy shall occur whenever a Trustee or Alternate Trustee resigns, is removed by the District which made the appointment, or by reason of death or incapacity.

2. Resignation and Removal

Whenever a District appoints or removes a Trustee or Alternate Trustee, written notice thereof shall be given to the Chair of the Board of Trustees. The appointment or removal shall be effective upon receipt of the notice, or the effective date stipulated in the notice, whichever is later.

3. Return of Trust Monies and Documents

Any Trustee or Alternate Trustee who resigns or is removed shall forthwith turn over to the Chair of the Board of Trustees all records, books, documents, monies, or other property in the possession or under the control of the Trustee which belongs to the Trust, or which were received by the Trustee in the capacity of Trustee.

4. Bonds and Insurance

The Districts or the CWPU Unified Insurance Program Trust shall obtain bonds and insurance as may be required by law, or as they otherwise deem appropriate to conduct the business of the Trust.

5. Limitation of Liability of Trustees, Treasurer, Auditor or Assistant Treasurer / Auditor

No Trustee, Alternate Trustee, Treasurer, Auditor or Assistant Treasurer / Auditor shall incur any personal liability in connection with the administration of the Trust or Trust Fund except for such liability as may be imposed by law. No Trustee, Alternate Trustee, Treasurer, Auditor, or Assistant Treasurer / Auditor shall be liable or responsible for anything done or committed in the administration of the Trust prior to the date the person holds such position. Further, the Trustees, Treasurer, Auditor, or Assistant Treasurer / Auditor shall not be liable for the acts or omissions of any investment manager, money manager, attorney, agent or other assistant employed by them in pursuance of this Trust Agreement if such investment manager, attorney, agent or assistant was selected pursuant to this Trust Agreement and the performance of such persons was periodically reviewed by the Trustees who found the performance to be satisfactory and in good faith.

6. Office

The principal business office of the Trust shall be located at the offices of the Chair of the Trust.

7. Officers

The Trustees shall elect either a Trustee or an Alternate Trustee as Chair and as Vice Chair to serve for such period of time as the Trustees determine. In the absence of such election, the Central Washington Public Utilities Chair and Vice Chair shall serve as CWPU Unified Insurance Program Trustee Chair and Vice Chair. The Chair shall preside at meetings of the Trustees and shall carry out such other duties as the Trustees shall assign to the Chair. The Vice Chair shall preside at meetings in the absence of the Chair. The Chair shall make appropriate arrangements for keeping minutes and records of meetings, proceedings, and actions taken by the Trustees. The Trustees shall designate an Auditor and a Treasurer in the manner provided in, and to act pursuant to, Article V, Section 7.

8. Meetings

The regular meetings of the Trust shall be quarterly on the fourth Wednesday of the months of January, April, July and October of each year. The Chair may, and upon written request of any two (2) Trustees shall, cancel or reschedule a regular meeting or call a special meeting of the Trustees at any time by giving at least five (5) days written notice of cancellation or rescheduling or of the time and place thereof to the remaining Trustees and public notification in accordance with the Open Public Meeting Act (Chapter 42.30 RCW). Any such notice of special meeting shall be sufficient if sent by first-class mail or by electronic means addressed to the Trustee at the address for that Trustee shown in the records of the Board of Trustees.

9. Quorum

To constitute a quorum at any regular or special meeting of the Board of Trustees, there must be present, in person or via electronic means such as conference call, five (5) Trustees (or Alternate Trustees) and there shall be no proxies. Except as otherwise provided in this Trust Agreement, any action to be taken by trustees pursuant to this Trust Agreement shall be approved by at least five (5) votes.

ARTICLE V

POWERS AND DUTIES OF TRUSTEES

1. Contributions to the Trust Fund

Contributions shall be paid to the Trust Fund by each Employer in such amounts as are prescribed from time to time by the Trustees in the CWPU Unified Insurance Program. Each Employer, not the Trustees, shall be responsible for the collection and payment to the Trust of contributions required for Employees covered under the CWPU Unified Insurance Program.

2. Receipt of Contributions

The Trustees, or an Administrator or depository appointed by the Trustees, shall receive the contributions from each Employer. The payment of contributions shall be made periodically at such times, as the Trustees shall establish by appropriate rules consistent with the CWPU Unified Insurance Program. The Trustees shall have authority to collect from any Employer unpaid or delinquent contributions and may establish and impose reasonable penalties for delinquency if such become advisable in the discretion of the Trustees.

3. Application of Contributions

The Trustees shall have authority to use and apply the contributions and any other income they receive, for the following purposes:

- a. To pay or provide for the payment and to establish reserves for the payment of all reasonable and necessary expenses, costs and fees incurred in the administration of this Trust, including member employee labor costs, in order to provide Benefits as specified from time to time in the CWPU Unified Insurance Program.
- b. To pay or provide for the payment and to establish reserves or reserve accounts for the payment of premiums or other charges on the policies of insurance or contracts mentioned in paragraph 4 of this Article V, which policies of insurance or contracts may be contracted for by and issued to the Trustees, or to the Trust Fund, as the Trustees may determine.
- c. To segregate, establish accounts for, and invest and reinvest such reserve funds as the Trustees in their discretion deem desirable in the proper execution of the Trust herein created.
- d. To pay for bonds and insurance as described in paragraph 4 of Article IV.
- e. To pay all other proper and necessary expenses incurred by any Trustee, not specified above, including the cost of defense in litigation arising out of the trusteeship of this Trust, to the extent permitted by law or in this Trust Agreement.
- F. To pay other expenses as authorized by the Trustees as long as such payments are in accordance with law.

In lieu of using Trust monies, Trustees shall have the authority to apply the cost sharing formula from the Central Washington Public Utilities Interlocal Agreement to require Districts pay employee, agent or consultant's administrative, legal, or other professional service Trust related expenses; provided further, each District shall have a right to refuse such billing and, if so refused by any District, the related expense for all Districts must be paid with Trust monies.

4. Providing for Benefits

The Trustees are expressly authorized to self-insure and/or negotiate for, obtain and maintain policies of insurance, contracts to provide the Benefits, or claims administration (including but not limited to medical-surgical-hospital, dental, life,

accident and long-term disability contracts, insurance, or claims administration) which the Districts from time to time direct the Trustees to provide in order to carry out the Districts' obligations under the CWPU Unified Insurance Program. Such policies of insurance and contracts shall be in such forms and in such amounts and may contain such provisions, including the establishment of minimum premium arrangements and minimum premium accounts, and may be subject to such conditions and limitations as the Trustees in their discretion determine and shall cover those Participants and Beneficiaries as the Trustees are directed by the Districts to cover in accordance with the CWPU Unified Insurance Program. The Trustees may exercise all the rights and privileges granted to the policyholder or contracting party by each policy of insurance or contract and may agree with the Carrier to any alteration, modification or amendment of such policy of insurance or contract, and may take any action respecting each such policy of insurance or contract and the coverage provided thereunder which they deem advisable; provided, however, that each policy of insurance or contract executed by the Trustees shall contain provisions whereby the claims of Participants or Beneficiaries covered in each District shall be administered under arrangements between that District, and/or that District's particular designee, and the Carrier and such claims shall not be administered by the Trustees.

5. Investments

The Trustees, or their designee, shall have power and authority to invest and reinvest Trust Funds, including reserves and funds in reserve accounts. The Trustees are authorized in their discretion to contract with and delegate to an investment or money manager the authority to invest and reinvest funds on a continuing basis. Investment of Trust Funds shall be in United States Government Securities and other public investment deposits insured by the FDIC, FSLIC and the Washington Public Deposit Protection Commissioner as otherwise allowed by law for public monies.

6. Deposits and Disbursements

All trust funds not invested shall be deposited by the Trustees in such depository or depositories as the Trustees shall from time to time select and any such deposit or deposits, or disbursements therefrom, shall be made in the name of the Trust or in such other manner as the Trustees shall prescribe and upon the signature(s) of persons designated and authorized by the Trustees or, if so authorized by the Trustees, by the investment or money manager referred to in paragraph 5 of this Article V.

7. Auditor and Treasurer

The Trustees shall designate an Auditor and a Treasurer as Co-Administrators, and may also designate an Assistant Auditor and Assistant Treasurer, if deemed

appropriate, all of whom shall be employees of member Districts and shall perform such administrative duties as are from time to time directed by the Trustees.

8. By-Laws, Regulations, Rules

The Trustees are hereby empowered and authorized to promulgate such by-laws, rules and regulations, not inconsistent with the terms of this Trust Agreement which, in their discretion, shall be deemed advisable for the proper administration of this Trust.

9. Interpretations of this Trust Agreement and of Trustees' Rules and Regulations

The Trustees shall have authority to interpret any ambiguous provision of this Trust Agreement or of their own by-laws, rules and regulations and any interpretation adopted by the Trustees in good faith shall be binding upon all interested parties.

10. Examination of Employer Books and Records

The Trustees, or their authorized representative, may examine the records of an Employer whenever such examination is deemed advisable by the Trustees in connection with their administration of the Trust. The costs of such examination may be assessed against the Employer being examined, if the Employer is found at fault, and if the Trustees so direct.

11. Collection of Employer Contributions

The Trustees may create and distribute contribution forms for use by Employers in making their payments to the Trust and establish a periodic date on which payments, and the reports, if adopted, shall be due.

12. Records and Audit

The Trustees shall maintain records of all transactions of the Trust. The Trustees shall make such reports as are required by law and shall also provide for periodic audits by the Washington State Auditor's Office, and/or an independent certified public accountant, and/or other authorized state agencies, as may be required by state law or by the Trustees. The results of all audits shall be mailed to the Districts' signatory to this Trust Agreement and to each Trustee and Alternate Trustee.

ARTICLE VI

WITHDRAWAL FROM TRUST

A District may withdraw from and terminate its participation in the Trust and its obligation to make contributions to the Trust Fund provided that notice of intent to withdraw by such District is given, in writing, to the Chair on or before the beginning of the CWPU fiscal year, which commences August 1 annually, and will become effective at the end of the fiscal year succeeding such notice. A withdrawn member shall have no claim to, nor any right, title or interest in, any money or assets of or attributable to the CWPU Unified Insurance Program. The CWPU Unified Insurance Program Trust insurance policy contractual provisions shall apply to all claims by employees of the withdrawing District incurred before the date of withdrawal.

ARTICLE VII

LIMITATIONS

1. Trustee, Treasurer, or Auditor Liabilities

No Trustee, or Treasurer or Auditor, shall be personally liable for:

- a. Any liabilities or debts of the Trust;
- b. Any error of judgment or for any loss arising out of an act or omission in the carrying out of this Trust Agreement, so long as the Trustee, Treasurer or Auditor acted in good faith and without gross negligence;
- c. The acts or omissions (whether performed at the request of the Trustees or not) of any other Trustee or of any Treasurer, Auditor, Administrator, employee, agent, consultant, or attorney appointed by or acting for the Trustees.

However, nothing provided herein shall exempt any Trustee from personal liability arising out of his / her own willful misconduct, bad faith or gross negligence.

2. District Liabilities

None of the Districts executing this Trust Agreement, nor any participating Employer nor any Employee, shall be responsible for any liabilities or debts of the Trust Fund. Likewise, the Trust Fund shall not be responsible for any liabilities or debts of any such Districts or persons or for the failure of any Employer to collect and remit to the Trust Fund the contributions required to be paid by the Employer to the Trust Fund.

3. District Rights

Except as specifically provided for herein or in the policies of insurance and contracts entered into by the Trustees to carry out the CWPU Unified Insurance Program, none of the Districts executing this Trust Agreement, nor any participating Employer or any Employee, or his / her family or dependents, shall have any right, title or interest in or to the Trust Fund, or in or to the contributions, or in or to the Benefits provided.

No Employee, Participant, or Beneficiary, shall be entitled to receive any part of the contributions in lieu of the Benefits provided by the policies of insurance or contracts entered into by the Trustees to carry out the CWPU Unified Insurance Program, nor shall an employee who does not qualify for Benefits have any claim to the contributions which may have been paid on his/her behalf.

4. Protection of Trust Funds. Contributions and Benefits

No part of the Trust Fund, or the contributions, or the Benefits payable under the policies of insurance or contract entered into by the Trustees with Carriers to carry out the CWPU Unified Insurance Program, shall be subject in any manner, by an Employee, Participant, Beneficiary, or their family or dependents, to anticipation, garnishment, attachment, alienation, sale, transfer, assignment, encumbrance, lien or charge, and any attempt to cause the same to be subject thereto shall be null and void.

ARTICLE VIII

MISCELLANEOUS

1. Application of Law

The undersigned Districts are executing this Trust Agreement, which cancels and supersedes all previous CWPU Trust Agreements, with the intention of establishing a Trust which complies with all applicable provisions of the laws. The Districts intend that all questions pertaining to the validity, construction and administration of this Trust Agreement shall be determined in accordance with the Laws of the State of Washington where applicable.

2. Amendments

The provisions of this Trust Agreement may be amended or modified by an instrument in writing approved and executed by at least five (5) of the Trustees and

approved by at least five (5) of the Districts. All Employers, Employees, Participants and Beneficiaries shall be bound by such amendments or modifications.

3. Instructions from CWPU

In carrying out instructions from the Districts in connection with the CWPU Unified Insurance Program, the Trustees may act in reliance upon instructions from CWPU given to the Trustees by the Chair of CWPU (or Vice Chair of CWPU in absence of the Chair) or by such other person or persons as CWPU may designate to the Trustees in writing as having such authority.

4. Each District Shall Pay the Cost of Their Representative Trustee

Each of the Districts shall pay the cost associated with their respective Trustee representatives to the CWPU Unified Insurance Program Trust, except that the costs associated with hosting meetings may be submitted for reimbursement according to Article V, Section 3 (a).

5. Regulations

The Districts and their Representative/Trustees agree to abide by all applicable laws and regulations. The Washington Public Records Act (Chapter 42.56 RCW) shall apply to the books and records of the CWPU Unified Insurance Program Trust.

6. Indemnification

Each District agrees to Indemnify the CWPU Unified Insurance Program Trust and the Trustees and Co-Administrators for claims made against the CWPU Unified Insurance Program Trust and the other Districts and their representative Trustees arising out of the actions and activities of a District or its representative Trustee.

7. Posting

Each District agrees to file this Agreement with the Member's County Auditor or to post this Agreement on the District's website or other electronically retrievable public source as authorized by RCW 39.34.040.

8. Purpose

The Districts agree that the purpose of this Interlocal Cooperation Agreement and Declaration of Trust is to make a more efficient and economic use of their resources in the interest of providing service to the public, as authorized by Title 54 RCW.

ARTICLE IX

TERMINATION

This Trust Agreement shall continue in existence until such time as it is terminated by an instrument in writing executed by the Trustees and approved by a majority of the Districts. Upon the termination of this Trust Agreement, any and all funds remaining, after the payment of expenses, shall be used for the continuance of the Benefits provided by the then existing policies of insurance and contracts with Carriers until such commitments have been carried out. Any surplus remaining after the obligations of the Trust Fund have been carried out in full shall be returned to the Districts based upon the number of eligible participating Employees of the District in the Trust Fund program as of the date of termination of this Trust Agreement.

ARTICLE X

SEVERABILITY

If any provision of this Trust Agreement or of the contracts or policies of insurance entered into by the Trustees with Carriers to provide Benefits under the CWPU Unified Insurance Program is held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining portions of this Trust Agreement or of the contracts or policies of insurance with the Carriers, unless such illegality or invalidity prevents accomplishment of the purposes of this Trust Agreement or of the CWPU Unified Insurance Program.

IN WITNESS WHEREOF, the Districts, the Trustees and the Alternate Trustees have caused this Agreement and Declaration of Trust to be effective this 1st day of November, 2009.

DISTRICTS:

Public Utility District No. 1 of Benton County (Benton)

By Alison Wells
Its Manager of Human Resources

Public Utility District No. 1 of Douglas County (Douglas)

By _____
Its _____

Public Utility District No. 1 of Ferry County (Ferry)

By _____
Its _____

Public Utility District No. 1 of Franklin County (Franklin)

By _____
Its _____

Public Utility District No. 2 of Grant County (Grant)

By _____
Its _____

Public Utility District No. 1 of Okanogan County (Okanogan)

By _____
Its _____

Public Utility District No. 1 of Pend Oreille County (Pend Oreille)

By _____
Its _____