

RESOLUTION NO. 1537

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITY DISTRICT NO. 1 OF OKANOGAN COUNTY, WASHINGTON (the "DISTRICT"):

1. DECLARING ITS APPROVAL OF THE PUBLIC UTILITY RISK MANAGEMENT SERVICES ("PURMS") *Revised* RESOLUTION NO. 11-10-11-1 ("*Revised* Resolution No. 1") AND RATIFYING THE APPROVAL AND EXECUTION THEREOF BY THE DISTRICT'S DIRECTOR OR DESIGNATED EMPLOYEE AT THE PURMS ANNUAL BOARD MEETING ON NOVEMBER 10, 2011; and
2. DECLARING ITS APPROVAL OF THE 2011 AMENDMENTS TO PURMS INTERLOCAL AGREEMENT ("Amended ILA") AND AUTHORIZING THE DISTRICT'S SIGNING REPRESENTATIVE TO EXECUTE THE Amended ILA ON BEHALF OF THE DISTRICT.

PUBLIC UTILITY DISTRICT NO. 1 OF OKANOGAN COUNTY
Okanogan County, Washington

BE IT RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF OKANOGAN COUNTY, WASHINGTON, as follows:

A. PURMS Joint Self-Insurance Program and the District's Participation in PURMS' Risk Pools.

WHEREAS, Public Utility District No. 1 of Okanogan County, Washington ("District") is a municipal corporation organized and existing under and by virtue of the Constitution and the laws of the State of Washington;

WHEREAS, Public Utility Risk Management Services ("PURMS") is an unincorporated association of Local Government Entities organized and existing under the laws of the State of Washington, including RCW 48.62 et. seq. (re "Local Government Insurance Transactions"), RCW 39.34 et. seq. (the "Interlocal Cooperation Act") and other applicable statutes enacted to permit and facilitate the joint exercise by Local Government Entities of their powers;

WHEREAS, the District is a Signatory to the PURMS' Interlocal Agreement, originally dated December 20, 1976 (and called the "Self-Insurance Agreement" or "SIA"), as most recently amended by PURMS' Resolutions on November 4, 2010 (hereinafter, "Interlocal Agreement" or "ILA");

WHEREAS, PURMS is also subject to WAC § 200-100 (formerly WAC § 82-60), governing local government entity liability and property joint self-insurance programs, and WAC § 200-110 (formerly WAC § 82-65), governing health and welfare joint self-insurance programs (collectively, "Programs");

WHEREAS, PURMS exists and operates pursuant to the terms of the SIA for the purpose, among other things, of providing its Members with joint self-insurance coverage and jointly purchased excess or stop-loss coverage for liability claims, property losses and health and welfare benefits, and joint administration and handling of such claims, through three separate Risk Pools known as the Liability Pool, the Property Pool and the Health & Welfare Pool ("PURMS' Programs");

WHEREAS, pursuant to § I, ¶ 6 of the SIA, the business and affairs of PURMS and its Risk Pools are managed and governed by and through its Board of Directors (“Board”) and implemented day-to-day by PURMS’ Administrator (“Administrator”);

WHEREAS, the District is currently a Member of PURMS and participates in the PURMS’ Liability and Property Pools;

WHEREAS, the District has determined that its ongoing participation as a Member of such Risk Pool(s) provides the District with the benefits and costs savings of joint self-insurance coverage and administration through the Risk Pool(s).

B. Documents relating to 2011 Amendments to PURMS’ Interlocal Agreement provided to the District.

WHEREAS, on October 11, 2011, thirty (30) days before the November 10, 2011 Annual Meeting of the PURMS Board (“Annual Meeting”), the Administrator provided to the District by electronic mail and posted on PURMS’ Website and provided Members with links to the following documents, all of which in combination reflected the proposed 2011 Amendments to the PURMS ILA:

1. The “Interlocal Agreement for the Public Utility Risk Management Services Joint Self-Insurance Fund amended as of November 10, 2011” (“Amended ILA”);
2. A version of the Amended ILA that showed all changes and additions to the Current ILA in color-font;
3. “PURMS’ 2011 Program Funding Amendments for the Liability and Property Pools and General Assessments Provisions” (“L&P Program Funding Amendments” or “L&P PFAs”);
4. “Definitions” for the L&P PFAs;
5. “PURMS’ 2011 Program Funding Amendments for the Health & Welfare Pool” (“H&W Program Funding Amendments” or “H&W PFAs”); and
6. “Definitions” for the H&W PFAs;

WHEREAS, on October 26, 2011, the Administrator emailed to the District and posted on PURMS’ Website a document entitled “Summary of 2011 Amendments to PURMS Interlocal Agreement” which summarized the paragraph-by-paragraph changes contained in the Amended ILA (“Summary of Amended ILA”);

WHEREAS, the District hereby acknowledges receipt of the documents identified in sub-¶¶ 1 through 6 immediately above.

C. Notice, Agenda and Originally Proposed Resolutions for PURMS Annual Meeting provided to PURMS Members.

WHEREAS, on October 31, 2011, the District received timely notice of the November 10, 2011 Annual Meeting of the PURMS Board by means of an Agenda emailed ten (10) days prior to the Meeting, as required in ¶ 7.4 of the Operational Rules;

WHEREAS, on October 31, 2011, along with the Agenda, by electronic mail, each PURMS Member was provided three (3) separate Resolutions proposed for the PURMS Board to consider at its Annual Meeting (“Originally Proposed Resolutions”) identified as follows:

Resolution No. 11-10-11-1 re: Adopting 2011 Amended and Restated *Interlocal Agreement* Section of PURMS Joint-Self Insurance Agreement. [“Resolution No. 1”]

Resolution No. 11-10-11-2 re: Adopting “Program Funding Amendments” for *Liability* and *Property* Pools in Compliance with WAC 82-60-03001. [“Resolution No. 2”]

Resolution No. 11-10-11-3 re: Adopting “Program Funding Amendments” for *H&W* Pool in Compliance with WAC 82-65-040. [“Resolution No. 3”]

WHEREAS, the Originally Proposed Resolutions all involved adoption of amendments to PURMS’ Interlocal Agreement.

D. Regulatory Requirements for Government Entity Joint Self-Insurance Programs to Amend their Interlocal Agreements.

1. Requirement of Thirty Days’ Notice to Members and State Risk Manager for Changes to “Foundation Agreement” or “Bylaws”.

WHEREAS, WAC 200-100-02019 provides that liability and property Programs must provide members of the Program and the Washington State Risk Manager (“SRM”) with thirty (30) days’ notice of intent to change the Program’s “foundation agreement” or “bylaws” and provide a copy of the proposed changes;

WHEREAS, WAC 200-110-270 contains identical requirements for changes to the “foundation agreement” or “bylaws” for local government entity health and welfare Programs;

WHEREAS, PURMS’ Interlocal Agreement constitutes both PURMS’ “foundation agreement” as defined by the WAC and contains PURMS “bylaws”;

WHEREAS, on October 11, 2011, thirty (30) days before the Board’s November 10, 2011, Annual Meeting, the Administrator for PURMS emailed to PURMS’ Members and the Washington State Risk Manager’s Office each of the documents identified in ¶ B. above.

2. Requirement of SRM Written Approval of Changes to “Foundation Agreement” prior to Implementation.

WHEREAS, WAC 200-100-065 requires that liability and property Programs submit a written request and receive approval from the state risk manager prior to implementing any changes to the Program’s “foundation agreement” or “bylaws”;

WHEREAS, WAC 200-110-140(1)(a) contains identical requirements for health and welfare Programs;

WHEREAS, on November 4, 2011, General Counsel sent the SRM a formal written request for SRM approval of the Amended ILA and Program Funding Amendments provided to the SRM on October 11, 2011;

WHEREAS, as of November 10, 2011, the date of the PURMS Board Annual Meeting, PURMS had not yet received written approval from the SRM for the 2011 Amendments to the ILA, nor had SRM indicated any objections to any of those Amendments.

3. Requirement that Members Adopt Authorizing Resolutions approving Amendments to a Program’s “Foundation Agreement” and Sign the Amendments.

WHEREAS, WAC 200-100-02021(2) requires that changes to a liability or property Program’s foundation agreement be adopted by ordinance or resolution of the governing board of each member (“Authorizing Resolution”);

WHEREAS, WAC 200-100-02021(2) also requires that the Authorizing Resolution and signed Amendments be provided to and retained by Program;

WHEREAS, WAC 200-110-280(2) contains identical requirements for changes to a health and welfare Program’s “foundation agreement”;

WHEREAS, therefore, regardless of the Voting Standard applicable under the ILA, as a result of WAC requirements, each PURMS Member’s “governing body” must adopt an Authorizing Resolution approving the 2011 Amendments to the ILA and must sign the Amendments.

E. PURMS’ Revised Resolution No. 11-10-11-1.

WHEREAS, because at the time of the PURMS Board Annual Meeting, the SRM had not yet issued written approval of the Amended ILA (*see* ¶ D.2 above), and because the WAC required that all PURMS’ Members must adopt Authorizing Resolutions approving changes to PURMS Interlocal Agreement in any event (*see* ¶ D.3 above), the PURMS Executive Committee approved presenting the Board with *Revised* Resolution No. 1, in lieu of and substitution for the Originally Proposed PURMS 2011 Resolutions Nos. 1, 2 and 3;

WHEREAS, *Revised* Resolution No. 1 is a synthesis of the Originally Proposed PURMS Resolution Nos. 1, 2 and 3, in that it addresses and adopts the 2011 Amendments to the ILA to incorporate or conform the ILA to prior Board Resolutions and decisions (Resolution No. 1) and adopts the “Program Funding Amendments” for the Liability and Property Pools (Resolution No. 2) and for the H&W Pool (Resolution No. 3);

WHEREAS, in light of the above, the PURMS Executive Committee concluded that the notice requirements applicable to the Originally Proposed Resolutions regarding the substantive terms of the 2011 Amendments to the ILA had been met, and therefore, any notice requirements applicable to *Revised* Resolution No. 1 which deals with the same subjects had also been substantially satisfied;

WHEREAS, also for the above reasons, by Majority Vote at the Meeting, as authorized by ¶ 6.2.11 of the current Interlocal Agreement, the Board approved delegation to the Executive Committee of the duty and authority to review and approve, and make recommendations to Members regarding any changes, additions or deletions of language or terms of the Amended ILA required by the SRM as a condition of approval of the Amended ILA, or as otherwise determined appropriate by the Executive Committee under ¶ XI of *Revised* Resolution No. 1;

WHEREAS, a copy of *Revised* Resolution No. 1 as presented to PURMS’ Board at its Annual Meeting is attached to this Authorizing Resolution as **Exhibit 1**.

F. Action by PURMS Board and District’s Director at the Annual Meeting.

WHEREAS, on November 10, 2011, the PURMS Board met for its Annual Meeting and, among other things, considered *Revised* Resolution No.1;

WHEREAS, although a Vote on *Revised* Resolution No. 1 was not required at the Meeting, Directors for Members that had already approved the terms of the Amended ILA were invited to sign *Revised* Resolution No.1 at the Meeting, notwithstanding that the governing body of the Member represented by the Director would still have to adopt an Authorizing Resolution approving the Amended ILA (*see* ¶ D.3 above);

WHEREAS, the District’s Director, Trish Butler, attended the Annual Meeting, Voted in favor of *Revised* Resolution No.1 approving the Amended ILA, and signed *Revised* Resolution No. 1 on behalf of the District;

WHEREAS, at the Annual Meeting, the Directors or Employee Designees of fourteen (14) Members Voted in favor of *Revised* Resolution No. 1 (*see* signature page of *Revised* Resolution No. 1 attached to this Authorizing Resolution as **Exhibit 1**).

G. State Risk Manager’s Written Approval of Amended ILA.

WHEREAS, by email to PURMS’ Administrator, dated November 23, 2011, the SRM provided formal written approval of the proposed 2011 Amendments to the PURMS Interlocal Agreement, and neither required nor suggested any changes thereto;

WHEREAS, a copy of the SRM’s email approval of the Amended ILA is attached to this Authorizing Resolution as **Exhibit 2**.

H. Final Version of Amended ILA and Definitions.

WHEREAS, because the SRM’s written approval of the 2011 Amendments to the ILA did not require any changes or additions for regulatory reasons, there were no regulatory-required changes in the Amended ILA to be reviewed or approved by the Executive Committee, as contemplated in ¶ XI of *Revised* Resolution No. 1;

WHEREAS, upon final review and discussion of the Amended ILA by PURMS General Counsel and the Administrator following the Board’s November 10, 2011 Annual Meeting, there were some additional changes, additions and/or deletions made for the purpose of clarifying or ensuring internal consistency in provisions of the Amended ILA, the Program Funding Amendments and related Definitions (“Conforming Changes”);

WHEREAS, the Conforming Changes were summarized in Appendix I to the letter from PURMS’ General Counsel which forwarded the Authorizing Resolution and Exhibits to the District, and further, the specific language of the Conforming Changes has been available for District personnel to review in a highlighted copy of the final version of the Amended ILA on PURMS’ Website;

WHEREAS, the final version of the Amended ILA for adoption by the Members of PURMS by means of this Authorizing Resolution is attached hereto as **Exhibit 3** and incorporated herein by this reference (“Final Version”);

WHEREAS, the Final Version of the Definitions for the Amended ILA, including the new Program Funding Amendments for the PURMS Risk Pools and other changes to the Amended ILA, are attached hereto as **Exhibit 4** and incorporated herein by this reference;

WHEREAS, the Conforming Changes in the Final Version of the Amended ILA must be provided to the SRM for written approval, based on the requirements described in ¶ D. above;

WHEREAS, therefore, this Authorizing Resolution also approves in advance any changes and additions in this Final Version of the Amended ILA that might be required by SRM in relation to the “Conforming Changes” that have since been made to the Amended ILA that was before the Board at its November 10, 2011 meeting.

I. The District’s Adoption of the Authorizing Resolution is in the Best Interest of the District.

WHEREAS, the Commission, as governing body for the District, has reviewed and considered *Revised* Resolution No. 1 and the 2011 Amendments to the PURMS Interlocal Agreement and finds them acceptable and consistent with the insurance needs of the District as a Member of PURMS and a continuing participant in its Risk Pool(s);

WHEREAS, the Commission, as governing body for the District, further finds the terms of this Authorizing Resolution acceptable and consistent with the insurance needs of the District as a Member of PURMS and a continuing participant in its Risk Pool(s).

J. Effective Dates and Implementation of the 2011 Amendments to the PURMS Interlocal Agreement.

WHEREAS, the District approves the Effective Dates for the various Amendments to the ILA as provided in **Exhibit 5** attached hereto and incorporated herein by this reference;

WHEREAS, the District further approves and ratifies the *de facto* implementation of certain of the 2011 Amendments to the PURMS Interlocal Agreement, as provided in prior PURMS’ Resolutions or in the Amendments themselves, or as may have been directed by the Board or Executive Committee, notwithstanding whether the Effective Dates or *de facto* implementation dates preceded the District’s approval and adoption of this Authorizing Resolution, and the District hereby specifically approves such earlier Effective Dates or implementation.

K. Signing Representative Authorized by District to Execute Documents relating to the 2011 SIA Amendments, including the Amended ILA.

WHEREAS, ¶ XV of *Revised* Resolution No. 1 contemplates that each Member shall identify its Director, Designated Employee or other representative specifically authorized by this Authorizing Resolution to execute *Revised* Resolution No. 1 and the Amended ILA on behalf of and binding upon the District (“Signing Representative”);

WHEREAS, the Commission, as the governing body for the District, hereby designates Trish Butler, holding the position of Commission President with the District, as its Signing Representative, to sign PURMS Revised Resolution No. 1 (if the District has not already done so), and to sign a duplicate original Signature Page for the PURMS 2011 Amended Interlocal Agreement attached hereto as **Exhibit 6**.

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, AND ORDERED
as follows:

Section 1: The Commission hereby acknowledges receipt of Originally Proposed PURMS' Board Resolutions Nos. 11-10-11-1 through 11-10-11-3 and the documents related thereto identified ¶ B. above comprising the Amended ILA, and further acknowledges receipt of a copy of PURMS' 2011 *Revised* Resolution No. 1 attached to this Authorizing Resolution as **Exhibit 1**.

Section 2: The Commission finds that *Revised* Resolution No. 1 and the 2011 Amendments to the PURMS Interlocal Agreement adequately and appropriately assist PURMS in maintaining compliance with existing applicable laws and in the prudent and efficient operation and administration of PURMS' Risk Pools, and therefore, benefit the District as a Member thereof.

Section 3: The Commission finds that approving *Revised* Resolution No. 1 and the 2011 Amendments to the PURMS Interlocal Agreement is in the best interest of the District, and the District hereby approves the same.

Section 4: The Commission further hereby ratifies the Vote and signature of its Director approving *Revised* Resolution No. 1 at the PURMS 2011 Annual Meeting.

Section 5: As a Member of the PURMS Liability and Property Pools, the District expressly hereby adopts the Liability and Property Pool "Program Funding Amendments" contained in ¶ 13A. of the Amended ILA, together with related Definitions.

Section 6: The Commission hereby approves and adopts the PURMS 2011 Amended Interlocal Agreement, together with related Definitions, as reflected in **Exhibit 3** and **Exhibit 4** hereto.

Section 7: The Commission hereby authorizes its Signing Representative designated in ¶ K. above to sign the Signature Page for the PURMS 2011 Amended ILA, and to provide an executed original Signature Page to PURMS Administrator within forty-five (45) days from receipt of this Authorizing Resolution, as provided in § XII of *Revised* Resolution No. 1.

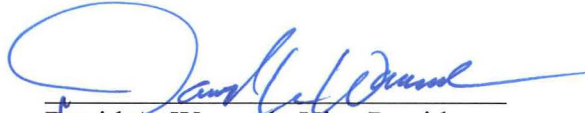
Section 8: This Authorizing Resolution shall be in effect from and after its date of passage; provided, the Authorizing Resolution hereby ratifies application of and action taken under any of the 2011 Amendments to PURMS' Interlocal Agreement that may have Effective Dates or otherwise be or have been implemented prior to the date of passage of this Authorizing Resolution, as provided in ¶ J. above.

ADOPTED by the Commission of Public Utility District No. 1 of Okanogan
County, Washington, at a regular meeting thereof, held on the 6th day of **March, 2012.**

PUBLIC UTILITY DISTRICT NO. 1
OF OKANOGAN COUNTY
At Okanogan, Washington




Trish Butler, President



David A. Womack, Vice President

ATTEST:



Ernest J. Bolz, Secretary



Michael D. Howe, Legal Counsel