

**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,