



RAF: 3/10/14

**Washington State Transit Insurance Pool
2014 Interlocal Agreement**

Whereas, RCW 48.62 empowers local government entities to join together to form a joint self-insurance program; and

Whereas, the transit systems identified in Section 1 have previously joined together through an interlocal agreement to form the Washington State Transit Insurance Pool (Pool); and

Whereas, the transit systems desire to continue the Pool but to revise and clarify certain provisions through the adoption of this new interlocal agreement;

Now, therefore, in consideration of the mutual covenants set forth herein, it is hereby agreed as follows:

Section 1. Members. The local governmental entities set forth in the attached Membership Appendix are parties to this interlocal agreement and are **Members** of the Pool. The Pool's executive director shall update the appendix as necessary to reflect additions or deletions to membership.

Section 2. Definitions. The following terms are defined as follows:

- a. **Board**—the Board of Directors of the Pool.
- b. **Member**—a Washington public transit entity that has joined the Pool through the subscription of this interlocal agreement.
- c. **Pool**—the Washington State Transit Insurance Pool.

Throughout this agreement defined terms are in bold.

Section 3. Powers. The Pool is empowered to:

- a. Do all things necessary and proper for the establishment of self-insurance programs for property and liability risks.
- b. Investigate the establishment of self-insurance programs for risks in addition to those identified in subsection 3a. Following such investigation the Pool may establish such additional self-insurance programs so long as the requirements of section 12 are met.
- c. Establish a self-insurance program for **Members** through joint funding.
- d. Purchase insurance, excess insurance, and reinsurance.
- e. Provide for risk management, loss control, and other services.
- f. Provide legal counsel for the defense of claims and other legal services.
- g. Consult with the state insurance commissioner and the state risk manager.
- h. Exercise all powers and perform all functions necessary to accomplish all lawful programs.
- i. Enter into contracts and incur debts, liabilities, and obligations.
- j. Sue and be sued.



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- k. Invest funds.
- l. Provide administrative and financial services to its Members and others.

Section 4. Board of Directors.

- a. The Pool shall be governed by its Board.
- b. Each Member shall appoint one representative and at least one alternate representative to the Board.
- c. If a representative is not able to attend a meeting of the Board, an alternate representative may attend and shall have the same authority as the representative.
- d. Representatives and alternates shall be officers or employees of the Member.
- e. The Board shall meet at least once each calendar year.
- f. The Board shall adopt an annual budget.
- g. The Board shall be chaired by its president or, if the president is not available, its vice president.
- h. Each representative or alternative shall have one vote. Voting by proxy is not permitted. Except as is specifically provided otherwise in this agreement, a majority of the representatives or alternates present at a meeting of the Board shall constitute a quorum and the majority of the quorum is sufficient to decide any matter.

Section 5. Bylaws. The Board shall adopt bylaws which shall not be inconsistent with any part of this agreement.

Section 6. Executive Director. The Board shall engage an executive director who shall be the chief executive officer of the Pool.

Section 7. Officers.

- a. The Board shall elect officers.
- b. The officers shall include a president, vice president, secretary, and such other officers as authorized by the bylaws.
- c. Duties and terms of office of officers shall be as specified in the bylaws.

Section 8. Committees. The Board may establish committees, both standing and *ad hoc*, from time to time as it deems appropriate. The composition and responsibilities of committees shall be specified by the Board.

Section 9. New Members.

- a. The Board may approve the admission of new Members on terms and conditions as it deems appropriate.
- b. For admission, Members must have at least three-fourths affirmative vote of all representatives or alternates.
- c. Members must be local government public transit entities situated in Washington.
- d. Once approved for membership, a new Member's admission to the Pool shall be memorialized by the new Member signing copies of this Interlocal Agreement and all amendments thereto.



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Section 10. Amendment.

- a. The governing boards of the Members may adopt amendments to this agreement.
- b. No amendment shall be adopted without at least three-fourths affirmative vote of all governing boards.
- c. The Pool shall provide notice of any proposed amendment to the governing boards of the Members as specified in the bylaws.

Section 11. Duration. The duration of the Pool shall be perpetual.

Section 12. Addition of New Programs.

- a. The Pool may establish self-insurance programs in addition to self-insurance programs for property and liability risks only with the affirmative vote of at least three-fourths of all representatives or alternates directors.
- b. No Member shall be required to participate in any such additional self-insurance program.
- c. If the Pool elects to establish such additional self-insurance programs, it shall implement adequate measures to protect and safeguard the equity and fiscal integrity of the Pool's self-insurance programs for liability and property.

Section 13. Funding.

- a. The Pool shall be funded by Member contributions and assessments.
- b. Member contributions and assessments shall be established by the Board in its annual budget. If the Pool's financial situation warrants, the Board may require supplementary and retroactive contributions and assessments.
- c. All Members shall pay contributions, assessments, and fees promptly when due.

Section 14. Withdrawal of a Member.

- a. A Member may withdraw from the Pool only at the end of a fiscal year by providing at least six month's written notice thereof. No Member may withdraw for thirty six months after joining the Pool. Following withdraw a former Member may not rejoin the Pool for thirty six months.
- b. The withdrawal by a Member shall not affect the validity of this agreement with respect to the remaining Members.
- c. Upon withdrawal, a Member shall have no further obligations to the Pool nor shall it be entitled to any portion of the Pool's assets or equity; Provided, the withdrawing Member shall pay all of its pending contributions and assessments.

Section 15. Termination of a Member.

- a. A Member may be terminated only by the affirmative vote of at least three-fourths of all representatives or alternates. The effective date of termination shall be six months following notice of the termination vote. Until the effective date of termination, the terminated Member shall have the benefits and burdens of participation in the Pool.



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- b. The termination of a Member shall not affect the validity of this agreement with respect to the remaining Members.
- c. Upon termination a Member shall have no further obligations to the Pool nor shall it be entitled to any portion of the Pool's assets or equity; Provided, the terminated Member shall pay all of its pending contributions and assessments.

Section 16. Dissolution.

- a. The Pool and this agreement may be terminated by the written consent of three-fourths of the governing boards of the Members. Upon termination and wind-up, the Pool and this agreement shall continue in effect for the purpose of the winding-up the business and affairs of the Pool, including disposing of all claims, the collection of additional assessments, and the distribution of assets.
- b. Upon termination or wind-up, the assets of the Pool shall be liquidated. Following the payment of all claims and expenses, each Member shall be entitled to a percentage share of the liquidation fund in that percentage which the total contribution payments by each Member bears to the total contribution payments by all remaining Members made over the life of the Pool.
- c. Any and all disputes concerning the entitlement to or amount of any refund of excess payments or the distribution of assets shall be resolved by arbitration pursuant to the rules for commercial arbitration of the American Arbitration Association. All Members may participate in the arbitration and shall be bound by the arbitrator's decision.

Section 17. Liability Limitation. In the event that any claim against a Member is not covered or exceeds the applicable limits of coverage provided by the Pool, the liability for that obligation lies with the Member.

Section 18. No Assignment. Neither the Pool nor any Member may assign any rights, claim, or interest established by this agreement without the consent of the other.

Section 19. Mediation. The parties to any dispute between the Pool or its Members concerning this agreement shall seek to resolve it through mediation.

Section 20. Litigation.

- a. Venue for any dispute concerning this agreement may only be laid in the Thurston County Superior Court or the United States District Court for the Western District of Washington.
- b. The prevailing party in any litigation brought to enforce this agreement shall be entitled to its reasonable attorney's fees and costs.

Section 21. Governing Law. This agreement shall be governed by the laws of Washington except for the Washington laws on conflict of laws. Therefore the substantive laws of Washington shall govern in all respects.



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Section 22. Supersession. This agreement supersedes and replaces all prior interlocal agreements and amendments thereto pertaining to the Pool.

Section 23. Effective Date. This agreement shall be effective when approved by at least three-fourths of the governing boards of the Members.

Section 24. Approval by Counterparts. This agreement may be approved by counterparts so that Members need not execute the same document. Upon approval, each Member shall promptly send a copy of the executed agreement to the Pool.

Subscribed this 17 day of June, 2015.

Sue Dreier
Member Transit System

By Sue Dreier

its Chief Executive Officer

Attest:

By Deanne Jacobs
its Clerk of the Board

Approved as to Form:

By [Signature]
its General Counsel

