



WASHINGTON COUNTIES INSURANCE FUND
WASHINGTON COUNTIES INSURANCE POOL

PO Box 7786 Olympia, Washington 98507 | 800.344.8570 | 360.586.0466 | f.360.754.7859 | wCIF.net

January 31, 2012

RECEIVED

FEB 01 2012

**PUGET SOUND CLEAN
AIR AGENCY**

To: Washington Counties Insurance Fund Participating Employer

From: Mike Shelton, WCIF Executive Director 

Re: WCIF Trust Agreement and Bylaws Approval

On November 10, 2011, the Washington Counties Insurance Fund (WCIF) Board of Trustees approved changes to the Trust Agreement and Bylaws, effective January 1, 2012. On December 6, 2011, WCIF mailed two copies of the Agreement, the first a red lined copy showing the changes and the second a final clean copy.

In accordance with Section 6.1, these revisions become effective the later of the effective date of the amendment, January 1, 2012, or 30 days after the transmittal of a copy of the amendment by certified or registered mail, provided that participating employers representing more than 50% of the covered employees do not dissent within such 30 day period.

This letter is to notify you that WCIF did not receive dissent notices from more than 50% of our participating employers and as a result, the revisions are approved with an effective date of January 1, 2012. Although it was not required to approve the amendments, please return a signed copy of the WCIF Trust Agreement and Bylaws for our records.

The WCIF Governance Documents are posted to our website at www.wcif.net.

Please call me toll free at 800-344-8570 if you have questions.

WASHINGTON COUNTIES INSURANCE POOL INTERLOCAL AGREEMENT

THIS AGREEMENT is made and entered into by and among the counties and local governments organized and existing under the Constitution and laws of the State of Washington which are parties signatory to this Agreement:

RECITALS

WHEREAS, counties and local governments in the State of Washington have experienced a trend of increasing insurance premiums for the renewal of their health and welfare benefit programs; and

WHEREAS, Chapter 48.62 RCW grants counties and local governments maximum flexibility to enter into agreements with each other to provide joint programs, which include programs of joint purchasing of insurance or reinsurance, joint self-insuring, and joint contracting for or hiring of personnel to provide risk management, claims, and administrative services; and

WHEREAS, Chapter 39.34 RCW permits counties and local governments to make the most efficient use of their powers by enabling them to cooperate with other counties and local governments on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population, and other factors influencing the needs and development of local communities; and

WHEREAS, each of the members desires to join together with the other members for the purpose of funding self-insured health and welfare benefit risks and jointly purchasing insurance, reinsurance, and administrative services; and

WHEREAS, it appears economically feasible and practical for the members to do so;

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

Article 1 Definitions

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

- (a) "Pool" shall mean the Washington Counties Insurance Pool created by this Agreement by the member employers.
- (b) "Health and welfare benefits" shall mean a plan or program established by

counties and local governments for the purpose of providing employees and their dependents with health care (including dental and vision care, and employee assistance programs), accident, disability, death, or salary protection benefits.

(c) "Bylaws" shall mean the Bylaws adopted by the Board of Directors of the Pool and all duly adopted amendments and revisions thereto.

Article 2 Purpose

This Agreement is entered into for the purpose of authorizing the creation of the Washington Counties Insurance Pool, which shall be organized under Chapters 48.62 and 39.34 RCW to provide to member employers health and welfare benefit programs.

Article 3 Parties to Agreement

Each party to this Agreement certifies that it intends to contract with all parties who are signatories of this Agreement on its effective date and with such other parties as may later be added to and become signatories to this Agreement. Each party also certifies that the cancellation or withdrawal of any party shall not affect this Agreement nor such party's intent to contract pursuant to the terms of this Agreement with the then remaining parties.

Article 4 Duration of Agreement

This Agreement shall become effective when approved by ten employers. This Agreement shall have perpetual duration unless terminated as hereinafter provided.

Article 5 Membership Composition

Pool membership shall be open to units of local government in the State of Washington. The Board of Directors of the Pool shall provide for the reasonable admission of new members.

Article 6 Nature of Pool

The Pool shall be an association of member employers independent of all other associations of which the employers are members. Pool funds shall be expended only for purposes of the pool consistent with statutes and rules governing the county and local government members of the pool.

Article 7 Powers of Pool

The Pool shall have the powers and functions to do the following:

- (a) Jointly self-insure or purchase health and welfare benefits insurance or reinsurance in such form and amount as the Board of Directors may determine;
- (b) Contract for administrative and other services;
- (c) Possess any other powers and perform all other functions reasonably necessary to carry out the purposes of Chapter 48.62 RCW.

Article 8 Organization

The affairs of the Pool shall be managed by the Board of Directors ("Board") in Accordance with the Bylaws adopted by the Board. The Board shall meet regularly and shall be subject to the Open Public Meetings Act, Chapter 42.30 RCW.

Article 9 Pool Responsibilities

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

- (a) Provide for the management and operation of the Pool;
- (b) Provide for health and welfare benefit coverages for member employers;
- (c) When the Pool provides comprehensive coverage for health care services, it will include mandated benefits that the state health care authority is required to provide under RCW 41.05.170 and 41.05.180.
- (d) Consider reinsurance coverage for those benefits which the Pool plans to self-insure.
- (e) Establish limits to any coverage that is provided;
- (f) Provide an annual report of the operation of the Pool to member employers; and
- (g) Provide for other services as deemed necessary by the Board in order to carry out the purposes of this Agreement.

Article 10 Member Employer Responsibilities

Member Employers shall have the following responsibilities:

- (a) Each member employer shall appoint an employee to serve as a liaison between the member and the Pool;

- (b) Each member employer shall pay its premiums promptly when due, and reasonable interest on overdue payments;
- (c) Each member employer shall provide the Pool with such information or assistance as may be necessary for the Pool to carry out its responsibilities under this Agreement; and
- (d) Each member employer shall cooperate with and assist the Pool, and any insurer of the Pool, in all matters relating to this Agreement and covered benefits, and shall comply with all Bylaws, rules and regulations adopted by the Pool.

Article 11 Budget and Records

- (a) Budget. The Pool shall establish and maintain annual budgets.
- (b) Audit. The Pool shall establish and maintain such accounts as may be required by good accounting practices and the State Budget Accounting Reporting System ("BARS"). Financial records of the Pool shall be open to inspection at all reasonable times by Directors. The Pool shall be subject to audit by the Washington State Auditor. A complete written report of the financial activities of the Pool, including an annual audit of the accounts and records of the Pool, shall be provided to each Director.

Article 12 Cancellation and Withdrawal

- (a) Cancellation. A member employer's participation in this Agreement and the Pool may be canceled at any time by an affirmative vote of three-quarters of the entire Board for failure to make full and timely premium payments and failure to fulfill the cooperation and other requirements of the insurance agreement. The effective date of cancellation shall be one month after the date of Board action.
- (b) Withdrawal. Member employers may withdraw from the pool at the end of any Pool fiscal year, provided it has given the Pool a six-month written notice of its intent to withdraw.
- (c) Effect of Cancellation and Withdrawal. The cancellation or withdrawal of one or more member employers shall not terminate this Agreement. No withdrawing or canceled member employer shall be entitled to payment or return of any premium, property contributed to the Pool or to any distribution of assets.
- (d) Unpaid Liabilities. The cancellation or withdrawal of a member employer shall not terminate its responsibility to contribute its share of premiums or assessments until all claims and other unpaid liabilities covering the period of its membership have been finally resolved and the Board has determined the final amount of payments due from the withdrawing or canceled member employer for the period of its membership.

Article 13 Termination

(a) Initial Period. This Agreement may be terminated any time during its first thirty-six months by the written consent of the governing bodies of all member employers. After the first thirty-six months, this Agreement may be terminated by the written consent of the governing bodies of three-fourths of the member employers. Upon termination, this Agreement and the Pool shall continue for the purpose of disposing of all claims, distribution of assets and all other functions necessary to wind up the affairs of the Pool.

(b) Distribution of Assets. Upon termination, assets of the Pool shall be distributed to terminating member employers proportionate to their premium payments and property contributions made during the last thirty-six (36) months of the Pool. The Board shall distribute the assets to terminating member employers within six (6) months after the disposition of the last pending claim covered by the Pool.

(c) Run-Off. Upon termination, the Board shall wind up and dissolve the business affairs of the Pool. The Board shall determine, and member employers shall pay, each employer's fair share of any additional premium amounts necessary for final disposition of all claims covered by the Pool. A member employer's share of such additional premiums shall be determined in the same manner as that provided above for annual premiums, and shall be treated as if it were the next year's annual premium for that employer.

Article 14 Notices

Notices to member employers shall be sufficient if mailed postage prepaid to the governing bodies of the respective member employers at such addresses as may be given in writing to the Pool.

Article 15 Amendments

This Agreement may be amended at any time by the written approval of the governing bodies of sixty percent of all member employers.

Article 16 Prohibition Against Assignment

No employer may assign any right, claim or interest it may have under this Agreement. No creditor, assignee or third-party beneficiary of any employer shall have any right, claim or title to any part, share, interest, Pool, premium or asset of the Pool.

Article 17 Enforcement

The Pool may enforce the terms of this Agreement. In the event action is instituted to enforce any term of this Agreement or any term of the Bylaws against any present or previous member employer, the prevailing party shall receive such sums as the court may fix as reasonable attorneys' fees and costs in the action.

Article 18 Default

If any member employer fails to perform any term or condition of this Agreement and such failure continues for a period of sixty (60) days after the Pool has given the member employer written notice of such failure, the member employer shall be in default hereunder. Upon default, the Pool may immediately cancel the member employer's membership effectively immediately without further notice, or exercise any remedies herein provided or otherwise provided by law. The rights and remedies of the Pool are cumulative in nature and pursuit of any particular remedy shall not be deemed an election of remedies or a waiver of any other remedies available hereunder or otherwise available by law.

Article 19 No Waivers

No waiver or forbearance of a breach of any covenant, term, or condition of this Agreement shall be construed to be a waiver or forbearance of any other or subsequent breach of the same or of any other covenant, term or condition, and the acceptance of any performance hereunder, or the payment of any sum of money after the same has become due or at a time when any other default exists hereunder, shall not constitute a waiver of the right to demand payment of all other sums owing or a waiver of any other default then or thereafter existing.

Article 20 Agreement

- (a) Severability. If any term or provision of this Agreement shall to any extent be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term and provision in this Agreement shall be valid and be enforceable to the fullest extent permitted by law.
- (b) Time. Time is of the essence in this Agreement and each and every provision hereof.
- (c) Headings. The Article and Section headings in this Agreement are inserted for convenience only and are not intended to be used in the interpretation of the contents of the Articles and Sections they introduce.
- (d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

(e) Counterpart Copies. This Agreement may be signed in counterpart or duplicate copies, and any signed counterpart or duplicate copy shall be equivalent to a signed original for all purposes.

(f) Agreement Complete. The foregoing constitutes the full and complete agreement of the parties. All oral understandings and agreements are set forth in writing herein.

IN WITNESS WHEREOF, the parties have executed this Agreement by authorized officials thereof on the dates indicated.

**AMENDMENT NO. 1
WASHINGTON COUNTIES INSURANCE POOL
INTERLOCAL AGREEMENT
JANUARY 1, 2006**

The Washington Counties Insurance Pool Interlocal Agreement (“Agreement”), effective December 2000, is amended pursuant to Article 15 to effect certain changes and to ensure consistency with the Washington Counties Insurance Pool’s other governing instruments. This Amendment No. 1 is effective January 1, 2006.

Definitions. Article 1 Definitions is replaced in its entirety with the following:

**Article 1
Definitions**

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

Appendix. “Appendix” means each of the appendices to the Agreement. Each Appendix shall be considered a part of the Agreement and may be amended by the Board of Directors of the Pool as provided in the particular appendix. If amendment provisions are not included in a particular appendix, the Board of Directors may amend such appendix at any time and for any reason without the consent of any person, except as otherwise provided by law. As of January 1, 2006, the appendices include the Underwriting Guidelines as Appendix I and the Business Associate Agreement as Appendix II.

Assessment. “Assessment” means the moneys paid by certain Participating Employers to the Pool upon withdrawal from the Pool. The assessment is generally based upon the amount of funds received from the Participating Employer minus the Participating Employer’s share of administrative costs (administration plus insurance) and the Claims paid on behalf of the Participating Employer’s Pool participants. The Board has the final authority to determine the amount of the assessment.

Board of Directors or Board. “Board of Directors” or “Board” means the Board of Directors of the Pool.

Business Associate Agreement. “Business Associate Agreement” means the agreement as defined in the Underwriting Guidelines.

Bylaws. “Bylaws” means the bylaws adopted by the Board and all duly adopted amendments and revisions thereto.

Health and Welfare Benefits. "Health and welfare benefits" means a plan or program established by Local Government Entities for the purpose of providing employees and their dependents with health care (including dental and vision care, and employee assistance programs), accident, disability, death, or salary protection benefits.

Local Government Entity. "Local Government Entity" means any unit of local government, both general purpose and special purpose, and includes, but is not limited to, counties, cities, towns, port districts, public utility districts, water-sewer districts, school districts, fire protection districts, irrigation districts, metropolitan municipal corporations, conservation districts, and other political subdivisions, governmental subdivisions, municipal corporations, quasi-municipal corporations and nonprofit corporations as defined in Title 24, Chapters 03 or 06 RCW whose membership is limited solely to the participating public agencies or to partnerships organized pursuant to Title 25, Chapter 04 RCW whose partners are limited solely to participating public agencies.

Participating Employer. "Participating Employer" means a Local Government Entity that is a participant in the Pool.

Pool. "Pool" means the Washington Counties Insurance Pool created by this Agreement.

RCW. "RCW" means the Revised Code of Washington of 2004, as amended.

Underwriting Guidelines. "Underwriting Guidelines" means the underwriting guidelines adopted by the Board of Directors and all duly adopted amendments and revisions thereto.

Duration of Agreement. Article 4 Duration of Agreement is revised by replacing the word "employers" with the phrase "Local Government Entities."

Membership Composition. Article 5 Membership Composition is revised by replacing the phrase "units of local government in the State of Washington" with the phrase "Local Government Entities."

Nature of Pool. Article 6 Nature of Pool is replaced in its entirety with the following:

Article 6 Nature of Pool

The Pool shall be an association of Participating Employers independent of all other associations of which the Participating Employers belong. Pool funds shall be expended only for purposes of the Pool consistent with statutes and rules governing the Participating Employers.

Organization. Article 8 Organization is replaced in its entirety with the following:

**Article 8
Organization**

The affairs of the Pool shall be managed by the Board in accordance with the Bylaws and Underwriting Guidelines adopted by the Board. The Board shall meet regularly as outlined in the Bylaws and shall be subject to the Open Public Meetings Act, Title 42, Chapter 30 RCW.

Member Employer Responsibilities. Article 10 Member Employer Responsibilities is revised by replacing the phrase "member employer" with the phrase "Participating Employer" each time the phrase "member employer" appears in Article 10, including the caption.

Cancellation and Withdrawal. Article 12 Cancellation and Withdrawal is replaced in its entirety with the following:

**Article 12
Cancellation and Withdrawal**

Cancellation. A Participating Employer's participation in this Agreement and the Pool may be canceled at any time by an affirmative vote of three-quarters of the entire Board for failure to make full and timely premium payments and failure to fulfill the cooperation and other requirements specified by insurance contracts or other pool governing instruments. The effective date of cancellation shall be one month after the date of Board action.

Withdrawal. Participating Employers may withdraw from the Pool at the end of any Pool fiscal year, provided the Participating Employer has given the Pool a six-month written notice of its intent to withdraw.

Effect of Cancellation and Withdrawal. The cancellation or withdrawal of one or more Participating Employers shall not terminate this Agreement. No withdrawing or canceled Participating Employer shall be entitled to payment or return of any premium, property contributed to the Pool or to any distribution of assets.

Unpaid Liabilities. The cancellation or withdrawal of a Participating Employer shall not terminate its responsibility to contribute its share of premiums or pay an Assessment pursuant to the Underwriting Guidelines. The Board will determine the final amount of payments due from the withdrawing or canceled Participating Employer for the period of its membership.

Termination. Article 13 Termination is revised by replacing the phrase “member employer” with the phrase “Participating Employer” each time the phrase “member employer” appears in Article 13.

Notices. Article 14 Notices is revised by replacing the phrase “member employer” with the phrase “Participating Employer.”

Amendments. Article 15 Amendments is replaced in its entirety with the following:

**Article 15
Amendments**

This Agreement may be amended at any time by the written approval of sixty percent of the Participating Employers.

Prohibition Against Assignment. Article 16 Prohibition Against Assignment is revised by replacing the word “employer” with the phrase “Participating Employer.”

Enforcement. Article 17 Enforcement is revised by replacing the phrase “member employer” with the phrase “Participating Employer” each time the phrase “member employer” appears in Article 17.

Default. Article 18 Default is revised by replacing the phrase “member employer” with the phrase “Participating Employer” each time the phrase “member employer” appears in Article 18.

IN WITNESS WHEREOF, in accordance with Article 15 Amendments, sixty percent of the Participating Employers have caused this Amendment No. 1 to the Agreement to be duly executed by authorized officials thereof on the dates indicated.

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**AMENDMENT NO. 2
WASHINGTON COUNTIES INSURANCE POOL
INTERLOCAL AGREEMENT
JANUARY 1, 2012**

The Washington Counties Insurance Pool Interlocal Agreement (“Agreement”), effective December 2000 and amended on January 1, 2006, is amended pursuant to Article 15 to effect certain changes and to ensure consistency with the Washington Counties Insurance Pool’s other governing instruments. This Amendment No. 2 is effective January 1, 2012.

Article 12

Cancellation and Withdrawal

- (b) Withdrawal. Participating Employers may withdraw from the Pool at the end of any Pool fiscal year, provided the Participating Employer has given the Pool a six-month written notice of its intent to withdraw. This provision applies only to medical coverage provided by the Pool. For all other lines of coverage a 30 day notice of withdrawal is required.

IN WITNESS WHEREOF, in accordance with Article 15 Amendments, sixty percent of the Participating Employers have caused this Amendment No. 2 to the Agreement to be duly executed by authorized officials thereof on the dates indicated.

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**WASHINGTON COUNTIES INSURANCE POOL
INTERLOCAL AGREEMENT
to include Amendments No. 1 and No. 2**

Washington Counties Insurance Pool Interlocal Agreement approved this 28 day of March, 2012.

Puget Sound Clean Air Agency

Participating Employer Name

Paul Roberts

Chair of Board (if applicable)

[Signature]

Other Participating Employer Representative

Other Participating Employer Representative

Constituting the Board governing

Participating Employer Name

, Washington

Attest:

Clerk or Secretary

ACCEPTED BY THE POOL this

7th day of December, 2011.

By: [Signature]

Washington Counties Insurance Executive Director



Puget Sound Clean Air Agency
1904 3rd Ave., Ste 105
Seattle, WA 98101

Certification Regarding Debarment, Suspension and Other Responsibility Matters

The prospective participant certifies to the best of its knowledge and belief that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
- (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition, under 18 USC Sec. 1001, a false statement may result in a fine of up to \$10,000 or imprisonment for up to 5 years, or both.

Mike Shelton
Typed Name & Title of Authorized Representative

Mike Shelton
Signature of Authorized Representative

4/25/12
Date

I am unable to certify to the above statements. My explanation is attached

**WASHINGTON COUNTIES INSURANCE POOL
BYLAWS
JANUARY 1, 2012**

Pursuant to Article 6 Amendments, the Board of Directors of the Washington Counties Insurance Pool amended the January 6, 2006 Washington Counties Insurance Pool Bylaws (“Bylaws”) by an affirmative vote of the majority of the directors present at the regular meeting of the Board of Directors on November 10, 2011. The amended Bylaws as provided herein are effective January 1, 2012.

ARTICLE 1

MEMBERSHIP

1.1 Membership. Washington Counties Insurance Pool (“Pool”) membership is open to every unit of local government, both general purpose and special purpose, and includes, but is not limited to, counties, cities, towns, port districts, public utility districts, water-sewer districts, school districts, fire protection districts, irrigation districts, metropolitan municipal corporations, conservation districts, and other political subdivisions, governmental subdivisions, municipal corporations, quasi-municipal corporations and nonprofit corporations as defined in Title 24, Chapters 03 or 06 RCW whose membership is limited solely to the participating public agencies or to partnerships organized pursuant to Title 25, Chapter 04 RCW whose partners are limited solely to participating public agencies (“Local Government Entity”).

ARTICLE 2

BOARD OF DIRECTORS

2.1 Composition, Election and Appointment. The affairs and property of the Pool shall be managed by a board of directors (“Board of Directors” or “Board”). The Board serving through December 31, 2002 shall be appointed by the Board of Trustees of the Washington Counties Insurance Fund (“WCIF”). Thereafter, the Board shall consist of the Chair and Executive Chair of the Board of Trustees of WCIF and 8 additional directors chosen from the Local Government Entities participating in the Pool (“Participating Employer”). Of the 8 additional directors, 4 shall be non-county Participating Employers elected by the affirmative vote of the majority of the six non-county Participating WCIF Board members elected by the WCIF Insurance Advisory Committee (“IAC”) to serve on the WCIF Board of Directors. The other 4 directors shall be Commissioners of county Participating Employers appointed by the Board of Trustees of WCIF.

2.2 Term of Office. Except for the Initial Term, directors shall serve a term of two calendar years. The terms of the directors shall be staggered in such a manner that no more than 4 directors are newly-elected or appointed in one year.

Each director may appoint an alternate director to serve in his or her absence, provided that only one such alternate director may be designated per term. If a Participating Employer terminates its participation in the Pool, that Participating Employer shall no longer have a director on the Board. His or her vacancy shall be filled in accordance with 2.3 Vacancies.

2.3 Vacancies. Any vacancy, other than (i) vacancy occurring because of the natural expiration of a director's term at an annual meeting, or (ii) an increase in the number of director positions on the Board, shall be filled for the unexpired term of the predecessor director. Any vacancy occurring because of an increase in the number of director positions on the Board shall be filled for such term as the Board may decide in filling such vacancy. The Board shall have the authority to fill any vacancy at any time by the affirmative vote of a majority of the remaining directors.

2.4 Removal. Except as provided by law, any director may be removed as director, with or without cause, by the affirmative vote of the majority of the Board. "With or without cause," includes but is not limited to, removal due to failure by a director to attend three consecutive meetings without being excused in advance of such meetings. The Board may take action to remove a director at any meeting of the Board, provided that notice of such proposed action is contained in the notice of such meeting.

Vacancies due to removal shall be filled in accordance with 2.3 Vacancies.

2.5 Quorum and Voting. At any meeting of the Board of Directors, a majority of the Board shall constitute a quorum for the transaction of business. If a quorum is present at any meeting, the affirmative votes of a majority of the directors present when an action is taken shall be sufficient to adopt any resolutions or to take any other action coming before the Board, except as otherwise expressly required by statute or as otherwise provided in these Bylaws.

Every director shall have one vote. Alternate directors, described in 2.2 Term of Office, shall vote in the absence of the directors who appointed them.

2.6 Annual Meeting. The annual meeting of the Board of Directors shall be designated by the President of the Board of Directors during the fall of each year or such other day and time as may be set by the Board. Any business proper for consideration by the directors may be considered at the annual meeting, whether or not such business is specified in the notice of the annual meeting, except as otherwise expressly provided in these bylaws.

At each annual meeting, unless the Board prescribes another order of business, the first order of business shall be the election of directors to fill the position of each expired or otherwise vacant position on the Board; the next order of business shall be the election of officers pursuant to Article 4 Officers; and thereafter, the order of Business shall be as prescribed by the Board.

Except as provided by law, each director shall have voting rights on all matters considered by the Board at any meeting of the Board or in any written consent in lieu of such meeting.

2.7 Regular Meetings. The President shall establish the dates for regular Board meetings. The annual meeting described in 2.6 Annual Meeting shall serve as a regular meeting.

2.8 Special Meetings. Special meetings of the Board may be held at any place at any time whenever called by the President, or by not less than 3 directors. Notice for special meeting shall be given in accordance with the second paragraph of 2.9 Notice below. No business other than that specified in the notice of the special meeting shall be conducted at the special meeting.

2.9 Notice. Notice of the time and place of all meetings of the Board of Directors shall be given to each director, at least 7 calendar days before the meeting. A director whose term expires at an annual meeting need not be given notice of such meeting. However, no notice of any regular meeting need be given, if the time and place thereof shall have been fixed by resolution of the Board of Directors and a copy of such resolution sent by notice to every director at least 7 calendar days before the first meeting held pursuant thereto. Notice of any meeting of the Board or any committee thereof may be given by mail, e-mail, air courier, telecopy or other facsimile transmission or other written communication or may be given orally by communication in person, over the telephone or other oral communication, including voice mail. Notice of any meeting of the Board of Directors may be waived in writing by any director at any time, either before or after such meeting, and attendance at such meeting shall constitute a waiver of any notice required for such meeting except where a director attends for the express purpose of objecting to the transaction of any business because the meeting was not lawfully convened. Notice of more than one meeting of the Board or any committee thereof can be given in a combined notice, which may consist of a calendar of meetings for a particular period of time.

With respect to notice for a meeting described in 2.8 Special Meetings above, upon receipt of a written request that a special meeting of the Board be called for any proper purpose, the President shall cause notice to be given to each director not less than twenty-four (24) hours nor more than sixty (60) days after receipt of the request for a special meeting. The notice of the special meeting will contain the purpose for the special meeting.

2.10 Action Without Meeting. Within the limitations of Title 42, Chapter 30 RCW, the Board of Directors may take any action which it could properly take at a meeting without such meeting if a consent in writing setting forth the action so taken is signed by all the directors or a director's alternate, as described in 2.2 Term of Office. Such consent shall have the same effect as a unanimous vote.

2.11 Place of Meeting. All Board meetings shall be held within the State of Washington at a place designated by the President.

2.12 Conduct of Meetings. The Board of Directors may adopt rules of procedure to govern any meetings of the Board of Directors or any committee of the Board of Directors, to the extent not inconsistent with law, Robert's Rules of Order, or these Bylaws, as they are in effect from time to time. In the absence of any rules of procedure adopted by the Board of Directors, the chairman of the meeting shall make decisions regarding the procedures for any meeting.

2.13 Adjourned Meetings. Any meeting of the Board of Directors, regardless of whether a quorum is present, may be adjourned from time to time by an affirmative vote of the majority of the directors present.

2.14 Telephone Meetings. Members of the Board of Directors or of any committee appointed by the Board of Directors may participate in a meeting of the Board of Directors or committee by means of a conference telephone or similar communications equipment that enables all persons participating in the meeting to hear each other during the meeting. Participation by such means shall constitute presence in person at a meeting.

2.15 Compensation. Directors shall receive no compensation for their service as directors, except that they may be reimbursed for actual expenses incurred because of their position.

ARTICLE 3

COMMITTEES

3.1 Committees. In addition to the committees described in 3.2 Executive Committee and 3.3 WCIP Insurance Advisory Committee, the President has the authority to appoint committees to assist the Board with its duties. The designation and appointment of committees and the delegation of authority thereto shall not operate to relieve the Board or any individual director of any responsibility imposed upon the Board of Directors by law. In order to serve the best interests of the Pool, the President may remove committee members from any committee.

3.2 Executive Committee. The President, the Vice President, and the immediate past President shall constitute the executive committee ("Executive Committee"). A vacancy on the Executive Committee shall be filled by a majority vote of the Board of Directors.

(a) The Executive Committee membership is composed of the following positions:

- (1) Executive Chair, WCIF
- (2) Chair, WCIF
- (3) Vice Chair, WCIF
- (4) Immediate past President, WCIP (If the Immediate Past Pool President is no longer available to serve, then the WCIP Board will elect an additional at large member for the remainder of the term.)
- (5) President, WCIP
- (6) Vice President, WCIP
- (7) At large member, a member of WCIF Board, or a member of WCIP Board, or a member of both the WCIF and WCIP Boards, nominated and elected by a majority of the combined WCIF/WCIP Boards. The election will occur at the same meeting as other elections for WCIF and WCIP.

(b) Functions of the Executive Committee:

(1) Make recommendations to the Board of Trustees of the Fund and the Board of Directors of the Pool. The Executive Committee does not have approval authority on any issue, unless approval authority has expressly been granted by the full Board for a specific issue.

(2) In consultation with other Board members, prepare and give an annual performance evaluation for the Executive Director.

(3) Other duties that may be assigned by the WCIF Board of Trustees or the WCIP Board of Directors.

3.3 WCIP Insurance Advisory Committee. The President shall chair the Pool insurance advisory committee ("WCIP Insurance Advisory Committee"), which shall be composed of a representative of each Participating Employer. The WCIP Insurance Advisory Committee shall advise the Board about insurance benefits.

ARTICLE 4

OFFICERS

4.1 Officers. The officers of the Pool shall be a President and a Vice President as described in 4.2 President and 4.3 Vice President, respectively, and other such officers as the Board of Directors may designate, all of whom shall be elected by the Board of Directors at each annual meeting of directors. The President and the Vice President will hold office until the next annual meeting of directors, if not removed earlier as described in 4.4 Resignation and Removal. The officers shall have the powers described in this Article 4 but shall at all times be subject to the authority and direction of the Board.

4.2 President. The president shall chair the Board and Executive Committee and shall exercise the usual powers pertaining to the office of president and shall have powers and duties as prescribed by the Board and these Bylaws ("President"). The President shall also perform such other duties as the Board of Directors may from time to time designate.

4.3 Vice President. The vice president shall act as President in the absence or disability of the President and shall perform all the duties of President, and when so acting shall have the powers of President. ("Vice President"): The Vice President shall also perform such other duties as the Board of Directors may from time to time designate.

4.4 Resignation and Removal. An officer may resign at any time by giving written notice to the Board or to the President. Any such resignation shall take effect on the date of receipt by the Board or the President of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. An officer may be removed without cause by an affirmative vote of the majority of the Board at any regular or special meeting at which a quorum is present.

ARTICLE 5

OPERATIONS

5.1 Funds and Accounts. The Board shall establish and maintain such funds and accounts as may be required by generally accepted accounting practices and the Washington State Budget Accounting Reporting System ("BARS").

5.2 Fiscal Year. The fiscal year of the Pool shall be the 12 month period commencing each January 1 and ending each December 31 ("Fiscal Year").

5.3 Budget. The Board shall adopt a budget prior to the beginning of each Fiscal Year.

5.4 Audit. In accordance with RCW 48.62.031, the Board shall provide for an annual audit of the accounts and records of the Pool by either the Washington State Auditor or a Certified Public Accountant. Such audit shall conform to generally accepted accounting standards. Audit costs shall be borne by the Pool as administrative costs.

5.5 Financial Report. In accordance with WAC 82-60-060, the Pool shall record and annually report its revenue, claim and claim expense experience, and other data as required by the state risk manager ("Financial Report"). The Financial Report shall be submitted to the risk manager of the risk management division within the State of Washington's office of financial management ("Risk Manager") no later than one hundred fifty days following the completion of the Pool's Fiscal Year.

5.6 Inspection of Pool Records. The accounting books and records, and minutes of proceedings of the Pool shall be open to the inspection of any director or the Risk Manager at any reasonable time. Such inspection by a director or the Risk Manager may be made in person or by the director's or Risk Manager's agent or attorney. The right of inspection includes the right to copy and make extracts.

5.7 Bond. A fidelity bond or insurance in the amount set by the Board, but not less than one million dollars (\$1,000,000) shall be acquired and maintained by the Pool to cover all officers and employees of the Pool that are authorized to disburse funds of the Pool.

5.8 Execution of Contracts. The Board may authorize an officer, employee or agent to enter into any contract or execute any instrument in the name of and on behalf of the Pool, and such authorization may be general or confined to specific instances. Unless so authorized by the Board, no officer, employee or agent shall have any power or authority to bind the Pool by any contract or engagement or to pledge or to render it liable for any purpose or to any amount.

5.9 Indemnification. The Pool shall indemnify every person who was or is a party or is or was threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer, employee, or agent of the Pool, or is or was serving at the request of the Pool, or is or was serving at the request of the Pool as a member, director, officer, employee, agent, or trustee of another Pool, corporation, partnership, joint venture, trust, employee benefit plan, or other

enterprise, against expenses (including attorneys fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding, to the full extent permitted by law. Such indemnification may, in the discretion of the Board, include advances of his/her expenses in advance of final disposition of such action, suit or proceedings, subject to the provisions of any applicable law, provided, however, any person desiring indemnification under the provisions of this section shall submit written documentation to the Board, or in the case of a Board member, to the remaining members of the Board. Such documentation shall indicate whether the act or omission giving rise to the request was performed in conjunction with such individual performing or purporting to perform his/her official duties in good faith. The Board, or in the case of a Board member, the remaining members of the Board, must find that the acts or omissions of the person requesting indemnification were, or in good faith purported to be, within the scope of his/her official duties.

5.10 Conflict of Interest and Appearance of Fairness. The Pool is subject to Washington law regarding conflicts of interest and the appearance of fairness. Where conflicts of interest or appearance of fairness issues arise, the affected member counties shall conform to the advice of Pool legal counsel. However, if the affected member employer disagrees with the advice of Pool legal counsel, the Board may by majority vote exclude a member employer Director from a portion of any executive session where a matter of potential legal conflict between the Pool and the member employer of the Director is to be discussed.

ARTICLE 6

AMENDMENTS

6.1 Authority and Procedure. These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by the affirmative vote of a majority of all directors who are in office and entitled to vote at the time the vote is held, which may be at any meeting of the Board called in accordance with the provisions of these Bylaws, so long as notice of the proposed Bylaw amendment is contained in the notice of the meeting.