

RESOLUTION NO. 2010-017

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY, WASHINGTON DECLARING ITS APPROVAL OF RESOLUTION NO. 11-4-10-6 ENACTED BY THE BOARD FOR THE PUBLIC UTILITY RISK MANAGEMENT SERVICES SELF-INSURANCE FUND AT ITS ANNUAL MEETING ON NOVEMBER 4, 2010

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

WHEREAS, Public Utility District No. 1 of Jefferson 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, the District is a signatory to the Public Utility Risk Management Services ("PURMS") Joint Self-Insurance Agreement, originally dated December 20, 1976, as most recently amended by PURMS' Resolution on November 12, 2009 (hereinafter, the "SIA"), and thereby, is a member of PURMS ("Member");

WHEREAS, 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. and other applicable statutes enacted to permit and facilitate the joint exercise by local government entities of their powers;

WHEREAS, PURMS exists and operates pursuant to the terms of the SIA for the purpose 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;

WHEREAS, the District currently participates as a Member in one or more of these Risk Pools and receives the benefits and costs savings of joint self-insurance coverage and administration through such Risk Pools;

WHEREAS, pursuant to § I, ¶ 6 of the SIA, the business and affairs of PURMS are managed and governed by and through its Board of Directors ("Board");

A. Proposed 2010 Amendments to PURMS' Liability and Property Premium Assessment Formulas.

WHEREAS, for the reasons stated in PURMS Resolution No. 11-4-10-6 ("Resolution No. 6"), the Administrator for PURMS has proposed consideration of amendments to the Liability Premium Assessment Formula and the Property Premium Assessment Formula ("Premium Assessment Formulas");

WHEREAS, the Premium Assessment Formulas are used to determine each Member's Assessment Share of an assessment for the cost of the premium for Excess Liability Insurance and/or Excess Property Insurance, as applicable;

WHEREAS, information provided by PURMS' Administrator indicates that the portions of the Formulas that allocate ten percent (10%) of the Assessment amount equally among all Members have, over time and with increased Excess Insurance Premium Costs, resulted in the smaller PURMS Members paying a much higher percentage of their Assessment Shares for this "non-risk-related" element of the Formulas than the other larger Members;

WHEREAS, the proposed amendments to the Premium Assessment Formulas ("Premium Assessment Formula Amendments" or "Amendments") reduce the "10% equal" portion of the Formulas to five percent (5%) and commensurately increase the Formulas' "risk-based" Factors by five percent (5%);

B. General Effect of Amendments to Premium Assessment Formulas.

WHEREAS, the Administrator has provided Members with spreadsheets showing the impact of the Premium Assessment Formula Amendments on Liability and Property Pool Members' Assessment Shares of the Excess Insurance premium for their respective Risk Pools;

WHEREAS, the proposed Amendments result in smaller but fairer Assessment Shares to the smaller Members of PURMS;

WHEREAS, even though the larger Members of PURMS are subject to slightly larger Assessment Shares under the proposed Amendments than under the current Premium Assessment Formulas, the Amendments are not unfair to the larger Members because the Formula factors that are being increased are "risk-based" (i.e. the "Employee Hours Worked" component of the Liability Premium Assessment Formula; and the "Risk-Based" component of the Property Premium Assessment Formula);

WHEREAS, as a result, they are simply paying a greater percentage of Formula Factors that are based actual risk as allocated to them by the Excess Insurance Carrier in calculating the Excess Insurance premium;

C. Consideration and Recommendations re Amendments to Premium Assessment Formula Amendments.

WHEREAS, at the November 4, 2010, annual meeting of the PURMS Board ("Board Meeting"), Members were provided with proposed PURMS Resolution No. 11-4-10-6 ("2010 Resolution No. 6"), entitled "Resolution Approving Amendments to Liability and Property Premium Assessment Formulas Reducing 10% Basic Per Capita Factor to 5%";

WHEREAS, at the Board Meeting, the PURMS Executive Committee, Administrator and Counsel, explained the proposed Premium Assessment Formula Amendments and the general

effect of the Amendments on Members' Assessment Shares, and the Executive Committee recommended approval of Resolution No. 6 to the Board and Members;

WHEREAS, the participating Members at the PURMS Board meeting unanimously passed a motion recommending that Members of the Liability and Property Pools approve the Premium Assessment Formula Amendments by the applicable Voting Standards;

D. Voting Standards and Procedures to Approve PURMS' Amendments.

WHEREAS, under ¶ 5.2.2(a) of the Interlocal Agreement (SIA § I), the Liability and Property Premium Assessment Formulas may be amended by Super-Majority Vote of the PURMS Board/Members;

WHEREAS, PURMS 2010 Resolution No. 11-4-10-1, entitled "Application of SIA Voting Standards to 2010 Resolutions and SIA Amendments":

- (a) Establishes a Super-Majority Vote as fifteen (15) affirmative votes of eighteen (18) PURMS Members; and
- (b) Provides that Members that did not participate in the annual Board meeting and vote on the Resolutions presented may vote thereafter by means of this Authorizing Resolution passed by their respective Boards of Commissioners;

E. District's Receipt of Premium Assessment Formula Amendments from PURMS.

WHEREAS, since the Board meeting, PURMS' Administrator has provided the District with the documents comprising the PURMS 2010 Premium Assessment Formula Amendments to be considered by the District, including:

- (a) PURMS' 2010 Resolution No. 11-4-10-6;
- (b) This Authorizing Resolution No. 2010-017;
- (c) The 2010 Amendments to the Liability Premium Assessment Formula; and
- (d) The 2010 Amendments to the Property Premium Assessment Formula;

WHEREAS, the Commission for the District ("Commission") has reviewed and discussed the Premium Assessment Formula Amendments and finds them acceptable and consistent with the insurance needs of the District as a Member of PURMS.

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

Section 1: The Commission hereby acknowledges receipt of PURMS' 2010 Resolution No. 6 and the PURMS Premium Assessment Formula Amendments;

Section 2: The Commission finds that PURMS' 2010 Resolution No. 6 and the proposed Premium Assessment Formula Amendments adequately and appropriately assist PURMS in prudent and efficient operation and administration of PURMS' Risk Pools, and therefore, benefit the District as a Member thereof;

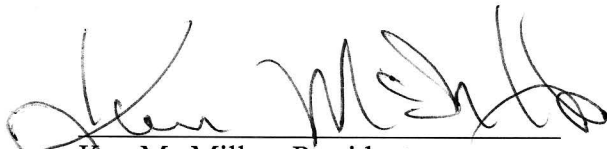
Section 3: The Commission finds that approving PURMS' 2010 Resolution No. 6 and the Premium Assessment Formula Amendments is in the best interest of the District, and the Commission hereby approves the same.

Section 4: The Commission hereby directs that James G. Parker, in the position of Manager for the District, shall have, and hereby is specifically delegated authority for and on behalf of the District to execute and return to PURMS' Administrator the following documents:

- (a) PURMS' 2010 Resolution No. 11-4-10-6;
- (b) This Authorizing Resolution No. 2010-017;
- (c) The signature page for the 2010 Amendments to the Liability Premium Assessment Formula; and
- (d) The signature page for the 2010 Amendments to the Property Premium Assessment Formula;

Section 5: This Resolution shall be in effect from and after its date of passage; provided, it is the intent of this Resolution to approve or ratify an effective date of January 1, 2011 for PURMS' implementation of the Premium Assessment Formula Amendments;

ADOPTED by the Commission of Public Utility District No. 1 of Jefferson County, Washington, at a regular meeting thereof, held on the 8th day of December, 2010.



Ken Mc Millen, President

Barney Burke, Vice-President

Wayne G. King, Secretary