

**INTERLOCAL AGREEMENT BETWEEN ORCAS ISLAND HEALTH  
CARE DISTRICT AND LOPEZ ISLAND HOSPITAL DISTRICT PROVIDING  
FOR THE PROVISION OF EMPLOYEE MEDICAL AND OTHER BENEFITS**

This agreement is entered into between SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT No. 3 dba Orcas Island Health Care District ("OIHCD") and SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT No. 2 dba Lopez Island Hospital District ("LIHD"), both of which are rural public hospital districts organized under the laws of the State of Washington.

**RECITALS**

WHEREAS, OIHCD and LIHD (jointly the "Districts" and individually a "District") are recently formed hospital districts located in San Juan County, Washington supporting the provision of medical services on their respective islands; and

WHEREAS, the Districts each employ a part-time Superintendent to administer their operations and each District has hired the same individual, Anne Presson ("Presson"), to serve as their Superintendent; and

WHEREAS, OIHCD has agreed to pay \$500 a month of the cost for medical and other benefits for Presson in her capacity as OIHCD Superintendent and LIHD has agreed to pay some portion of the premium for the medical and other benefits provided to Presson in her capacity as LIHD Superintendent; and

WHEREAS, CHAPTER 70.44.450 RCW expressly authorizes rural public hospital districts to enter in cooperative agreements and contracts with one another under the Interlocal Cooperation Act (Chapter 39.34 RCW) to further their operation and the provision of medical services in the communities that they serve; and

WHEREAS, LIHD has recently applied to obtain insurance for Presson through the Public Employees Benefit Board ("PEBB"); and

WHEREAS, OIHCD would like to contribute funds to LIHD for the payment of the premium for the PEBB policy to fulfill OIHCD's agreement to pay a portion of the medical insurance costs for Presson.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing premises and the mutual agreements contained in this Agreement, the Districts agree as follows:

1. **PURPOSE.** The Districts wish to jointly provide funds to purchase a PEBB full benefit package that includes medical insurance (the "Package") for Presson. Since LIHD has already entered into an agreement with PEBB to obtain the Package, OIHCD wishes to contribute its funds for

that purpose directly to LIHD to defray part of the premium cost for the Package and LIHD is willing to apply the funds it receives from OIHCD toward the payment of the premiums for the Package.

2. **RESPONSIBILITIES OF OIHCD.** OIHCD shall pay or cause to be paid to LIHD the sum of \$500 per month on or before 5th of each month.
3. **RESPONSIBILITIES OF LIHD.** LIHD shall maintain the Package in full force and effect and shall cause the premiums for the Package to be paid on or before the date that payment is due.
4. **INDEMNIFICATION.** Each District shall be responsible for its own negligent or wrongful acts or omissions and those of its own employees, agents, representatives or subcontractors to the fullest extent provided by the laws of the State of Washington. Each District agrees to save, indemnify and hold the other District harmless from any and all such liability for injury or damage to the other District or its property and from and against all claims, demands and causes of action arising directly or indirectly from, or in any way incident to, in connection with, or arising out of work performed under the terms of this Agreement caused by its own fault or negligence or that of its employees, agents, representatives or subcontractors, regardless of the form of action, whether in contract, tort or otherwise.
5. **INSURANCE.** Each District shall maintain appropriate liability insurance or self-insured coverage to cover potential liabilities arising from this Agreement.
6. **NO JOINT VENTURE.** The Districts are and shall be independent contractors to one another, and nothing herein shall be deemed to cause this Agreement to create an agency, partnership, or joint venture between the Districts. No acts performed or words spoken by either District with respect to any third party shall be binding upon the other. Any and all obligations incurred by either District in connection with the performance of any of its obligations hereunder shall be solely at that District's own risk, and the other shall not be obligated in any way therefore except as specifically provided for herein to the contrary. Each District agrees that it shall not represent itself as the agent or legal representative of the other for any purpose whatsoever.
7. **MEDIATION.** The Districts shall attempt to resolve any controversies or disputes arising out of this Agreement through a good faith attempt at mediation. Each District shall pay its own attorneys' fees and costs.
8. **ARBITRATION.** Any controversy or dispute arising out of this Agreement that cannot be resolved by mediation shall be submitted to final and binding arbitration pursuant to RCW 7.04A. A demand for arbitrations shall be made by one District to the other in writing. The arbitration shall be held in San Juan County before a single arbitrator selected by the Districts. If the districts cannot agree on an arbitrator within fifteen (15) days of the date the written demand for arbitration was delivered, the arbitrator shall be selected by a judge of the Superior Court of San Juan County in accordance with the procedures set out in RCW 7.04A.110.

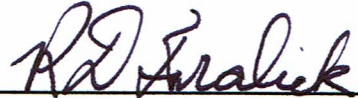
- a. The arbitration shall be held within sixty (60) days of the date the arbitrator is agreed on or appointed, unless otherwise mutually agreed in writing by the Districts.
  - b. The parties agree that except as otherwise provided in RCW 7.04A.230 the arbitrator's decision shall be final, binding and non-appealable.
  - c. Each District shall pay its own costs of the arbitration, including attorneys' fees and costs. The arbitrator's fees and any administrative expenses imposed by the arbitrator shall be shared equally by the Districts.
  - d. This Agreement shall be governed by the laws of the State of Washington, both as to interpretation and performance.
9. **WAIVER.** The waiver, or failure to act, by either District with respect to, the breach of any term, condition or covenant of this Agreement shall not be deemed to be a waiver of that term, condition or covenant on any subsequent breach. All remedies available under this Agreement shall be cumulative and in addition to any other remedies provided in this Agreement or by law.
10. **SEVERABILITY.** The Districts understand and agree that if any provision of this Agreement is held by any court to be illegal or in conflict with the laws of the State of Washington, the validity of the remaining provisions of this Agreement shall not be affected and the rights and obligations of the Districts shall be construed and enforced as if this Agreement did not contain the particular term, part or provision held to be illegal or unenforceable.
11. **ENTIRE AGREEMENT.** This Agreement contains the entire understanding between the Districts with respect to the matters covered in this Agreement. Any statements, inducements, or promises made by any representative or agent of a District that is not contained in this Agreement shall not be valid or binding. This Agreement may not be enlarged, modified or enlarged except by a writing signed by both Districts.
12. **TERM.** This Agreement shall commence on the date set forth above and shall terminate on the date that Anne Presson ceases to serve as Superintendent of one or both Districts.
13. **NOTICES.** All notices and communications require or permitted to be made by this Agreement shall be in writing and shall be deemed to be given upon receipt when personally delivered, sent by overnight courier, sent by facsimile with hard copy delivered within two (2) days or two (2) days after being deposited in the United States mail if sent postage prepaid by first class, certified or registered mail, return receipt requested. All such notices shall be sent to the Districts at the addresses shown on their respective websites.
14. **FILING.** Upon execution of this Agreement, the Districts shall file or list a true and complete copy of this Agreement, as required by Chapter 39.34.040 RCW.
15. **AUTHORIZATION.** Each District represents and warrants that its execution and performance of this Agreement has been duly authorized.

16. COUNTERPARTS. This Agreement may be executed in one or more counterparts, and with facsimile, email or electronic signatures, all of which, taken together shall constitute one and the same agreement

IN WITNESS WHEREOF, this Districts have executed this Agreement as of the date set forth above.


SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT #3

dba Orcas Island Health Care District

BY:   
ITS: President, OIHCID

SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT #2

dba Lopez Island Hospital District

BY:   
ITS: Chair - LIPHD