

**Jan L. Essenburg  
Attorney at Law  
7321 Forrest Glenn Road  
Fairview, TN 37062**

**Telephone:** (615) 799-9630  
**Fax:** (615) 799-9291  
**Email:** jlelaw@bellsouth.net  
**Delivered Via Email**

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**To: Members of PURMS' Board of Directors**

**Re: PURMS 2011 Resolutions re Amended Interlocal Agreement and "Program Funding Amendments" for Liability and Property Pools and H&W Pool**

Dear Board Members:

On October 11, 2011, all Members received final drafts of: (a) the proposed amendments to PURMS Interlocal Agreement ("Amended ILA"); the proposed "Program Funding Amendments" for the Liability and Property Pools ("L&P PFAs") which will ensure ongoing compliance of the Liability and Property Pools with the Program Funding Requirements of WAC § 82-60; and (c) the proposed "Program Funding Amendments" for the H&W Pool ("H&W PFAs") which will ensure ongoing compliance of the H&W Pool with the Program Funding Requirements of WAC § 82-65. Dick also posted these documents on PURMS' Website and emailed Members links to them.

**2011 PURMS Resolutions**

Enclosed with this letter are the following three PURMS Resolutions for consideration at the upcoming Annual Board meeting on November 10, 2011:

**Resolution 11-10-11-1** re: Resolution Adopting PURMS 2011 Amended Interlocal Agreement ("Resolution No. 1");

**Resolution 11-10-11-2** re: Resolution Adopting 'Program Funding Amendments' for the Liability and Property Pools ("Resolution No. 2");

**Resolution 11-10-11-3** re: Resolution Adopting 'Program Funding Amendments' for the Health and Welfare Pool ("Resolution No. 3"); and

**Delegation of Approval of Final Changes to the Executive Committee**

There are a few final issues that must be decided by the Executive Committee at its November 9, 2011, meeting regarding all three documents (i.e. the Amended ILA and two sets of Program Funding Amendments).

In addition, as explained in the Resolutions, since all three documents constitute amendments to PURMS' "Foundation Agreement" (which is PURMS' Interlocal Agreement in WAC parlance), written approval of the changes by the State Risk Manager ("SRM") must be obtained before the changes can be implemented. As referenced in each of the Resolutions, as of this date, we have not received written approval of SRM for any of these Amendments, so there may be some additional minor changes to the Amendments resulting from PURMS' year-end meetings or from requests of SRM.

As we have done in the past, each of the Resolutions delegates to the Executive Committee the authority to review and approve any changes that may be requested or required by the State Risk Manager, as well as the final decisions and recommendations of the Executive Committee from its November 9<sup>th</sup> meeting.

### **Need for Authorizing Resolutions from All PURMS Members**

As explained in the Resolutions and previous cover letters, since all three documents constitute amendments to PURMS Interlocal Agreement, regardless of any Vote taken on the Resolutions at the Board meeting, all Members' governing bodies must still execute Authorizing Resolutions adopting all these Amendments and the person designated in the Authorizing Resolution must sign a copy of the Amendments themselves. For the Amendments to the ILA, we will use multiple original signature pages that all can be attached to the final Interlocal Agreement, which of course, will also incorporate the Program Funding Amendments for all Risk Pools.

### **Additional Documents relating to 2011 SIA Amendments**

In the next few days, you will also receive two "Summaries" that describe the basic terms and operation of the Program Funding Amendments for the Liability and Property Pools and the H&W Pool to help guide your review of the actual Amendments.

Finally, PURMS Resolution No. 11-10-11-4 and some additional sections of the SIA will be provided at the Executive Committee and Board meetings that will incorporate already approved amendments to non-ILA sections of the SIA (and therefore are not subject to Unanimous Vote or pre-approval by the SRM). These will include, for example, the "\$100,000 In Lieu of Bond Coverage" for Members' Treasurers (previously approved by Resolution No. 11-12-09-4); the changes to the Liability and Property Premium Assessment Formulas (previously approved by Resolution No. 11-12-10-6); and some changes to § VII of the SIA dealing with "Claims Resolution" to, among other things, conform to delegations of certain settlement duties and authority from the Administrative Committee to the Administrator, under the terms of the Administrator Service Agreement and Exhibit 1 thereto which contains the Administrator's Operational Duties. Since these Amendments and contract provisions have already been approved, very little time will be devoted to them at the meetings, unless there are questions. The Amendments to these other Program Documents will also be included in the final Amendments and Authorizing Resolutions sent to Members after the Annual Board Meeting.

### **Action after Annual Board Meeting to Complete Amendment Process**

Resolution No. 1, § X describes what action is necessary following the Board's November 10<sup>th</sup> meeting to complete the formal amendment process. To summarize, it involves incorporating any last minute changes requested by the Executive Committee or Board and any changes or additions

requested by the SRM into final Amended Program Documents, and providing those, along with Authorizing Resolutions, to each PURMS Member for execution by its governing body.

Technically and practically, as Dick and I have discussed and as Dick has discussed with some of the Members who have inquired, there is no “deadline” date by which all of these documents must be fully executed and their provisions implemented. However, as indicated in Resolution No. 1, § XII, we would like all Authorizing Resolutions and signed Amendment signature pages executed and returned to the Administrator within forty-five (45) days from Members’ receipt of the final documents.

Best Regards,

Jan L. Essenburg  
PURMS General Counsel