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**INTERLOCAL AGREEMENT BETWEEN
PIERCE TRANSIT and WASHINGTON STATE TRANSIT INSURANCE POOL
REGARDING CLAIMS SERVICES**

Whereas, Pierce Transit is a member of the Washington State Transit Insurance Pool (Pool) and receives its property and liability coverage by and through the Pool; and

Whereas, the parties desire that Pierce Transit provide: (1) adjusting and defense of certain liability claims that would otherwise be provided by the Pool and (2) collection and prosecution of subrogated property loss claims paid by the Pool that would otherwise be pursued by the Pool; and

Whereas, the parties are empowered by RCW 39.34, the Interlocal Cooperation Act, to enter into an agreement such as this;

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

Section 1. Scope of agreement.

- a. With respect to tort liability claims or suits against Pierce Transit or other covered parties for which there is or may be coverage under the Pool's liability coverage documents, Pierce Transit shall adjust and defend the claims and suits of its choosing through funding provided by the Pool as set forth herein. Prior to any adjustment or defense, Pierce Transit shall first tender all such claims or suits to the Pool for its coverage determination. At the time of tender Pierce Transit shall advise the Pool of its decision to adjust and defend the claim or suit.
- b. Claims that Pierce Transit chooses not to adjust or defend are not covered by this agreement.
- c. With respect to losses paid by the Pool to Pierce Transit for first party property coverage provided by the Pool, Pierce Transit shall pursue third parties for the Pool's subrogated claims through funding provided by the Pool as set forth herein.

Section 2. Claim Services.

- a. Pierce Transit shall designate a claims administrator who shall be responsible for adjusting, management, and disposition of the claims described in section 1a and recovery of the subrogated losses described in section 1c. The claims administrator shall be the Pool's primary point-of-contact for these undertakings.
- b. The claims administrator's responsibility shall include the engagement, assignment, and management of all resources reasonable necessary for the efficient resolution of claims and recovery of subrogated losses. Such resources may include Pierce Transit staff and facilities or outside personnel and services. The claims administrator may engage counsel for the defense of claims and the prosecution of subrogated losses. All such counsel must be acceptable to the Pool.

Section 3. Request for payment or reimbursement.

- a. Except as provided by subsection b, on a quarterly basis the claims administrator shall submit a detailed, itemized statement to the Pool seeking payment or reimbursement for costs attributable to the defense or prosecution of each claim.

- b. For legal services incurred by outside counsel, the claims administrator may submit a request for payment upon receipt of the itemized statement. The claims administrator shall review and approve each statement of legal services prior to seeking payment from the Pool.

Section 4. Payment by Pool. The Pool shall promptly pay a request for payment or reimbursement following review and approval.

Section 5. Appendix A. Appendix A attached hereto establishes the rates of reimbursement for certain Pierce Transit personnel and services. These rates shall remain in effect until revised. The parties may from time to time review and adjust these rates or add or delete items. Such changes require the agreement of Pierce Transit and the Pool but shall not require the formality of the revision of this interlocal agreement. Any revisions to Appendix shall be made in writing and contain the approval and date thereof by each party.

Section 6. Audits of services. Annually the Pool may audit Pierce Transit's records and files regarding services provided under the terms of this agreement. Such audits are subject to reasonable notice and cooperation between the parties. Pierce Transit will provide support to the Pool as needed to meet all regulatory requirements arising from this agreement.

Section 7. Settlement authority. The Pool's executive director may delegate settlement authority to the claims administrator for liability claims described in section 1a. Such authority is limited to \$25,000. The Pool shall pay such settlements.

Section 8. Timesheet program. The Pool will make its timesheet programs and software available to Pierce Transit to enable Pierce Transit to record and manage the time its employees spend in providing the services described in this agreement.

Section 9. Training and support. The Pool will provide training and support to the employees providing the services described in this agreement.

Section 10. Status of employees. The employees providing services under this agreement shall be employees of Pierce Transit and are not agents or employees of the Pool.

Section 11. Other rights and obligations. Nothing in this agreement shall diminish the rights, duties, and obligations of Pierce Transit or the Pool as contained in the membership interlocal agreement approved by Pierce Transit Board Resolution 08-037, Pool bylaws, policy manual or coverage documents.

Section 12. Duration. This agreement shall be perpetual so long as Pierce Transit remains a member of the Pool.

Section 12. Amendment. Either party may propose, in writing, amendments to this agreement. The parties shall meet and confer on any proposed amendment and use their best efforts to reach agreement on the proposed amendment.

Section 13. Disputes.

- a. Meeting. In the event of any dispute between the parties arising out of this agreement, the parties shall meet and confer and use their best efforts to resolve the dispute.

- b. Mediation. If the dispute is not resolved by agreement, following thirty days' notice of a request for mediation, the parties shall mediate the dispute through Washington Arbitration and Mediation Services (WAMS) or some other mutually acceptable mediation service.;
- c. If a dispute is not resolved by mediation and proceeds to litigation, the prevailing party shall be entitled to its reasonable attorneys' fees and costs.


Section 14. Termination. Either party may terminate this agreement, with or without cause, by giving 90 days' written notice of termination.

Section 15. Effective date.

- a. This agreement shall be effective immediately upon approval of both governing bodies of the parties to this agreement and shall apply retroactively to all services provided within the calendar year of execution.
- b. The parties recognize that in order for this agreement to become effective it must be approved by the state risk manager, the Pierce Transit Board of Commissioners and either filed with the county auditors of Pierce and Thurston Counties or posted on the parties web sites.

Section 16. Miscellany.

- a. The parties do not contemplate that this agreement will result in the joint holding of any real or personal property and, therefore, there is no need to make any provision for such holding or disposition.
- b. Each party will administer its own obligations under this agreement.

Dated this 16 day of March, 2014⁵


w/f Pierce Transit
By James L. Walton, Chief Executive Officer

Dated this 5th day of DECEMBER, 2014^{1/5}


Washington State Transit Insurance Pool
By Allen F. Hatten, Executive Director

APPENDIX A

RATES OF REIMBURSEMENT AND DESCRIPTION OF SERVICES

1. Tort claims adjusting services--\$57.00 per hour. Duties include, and are not limited to claims adjustment, including liability claims intake, investigation, reserve setting, pre-litigation negotiation, litigation management, procurement of expert or vendor services as needed, reporting and, settling of liability claims within established Pool authority.
2. Subrogation and Property Damage claims services--\$33.00 per hour. Duties include, and are not limited to, pursuit of third-party recoveries, property loss estimation and property damage claims adjustment within established Pool authority.
3. Administrative support services--\$42.00 per hour. Pursuant of the assignment of a claim event number, duties include, and are not limited to public records act (PRA) responses and management of same as part of potential pre-litigation discovery, management and retention of discoverable records and, any other liability specific assistance intended to minimize exposure.