

MEMORANDUM

To: County Attorneys: Apache, Cochise, Gila, Graham, Greenlee, La Paz, Mohave, Navajo, Pinal, Santa Cruz, and Yavapai Counties
From: Kenneth Sundlof, General Counsel to the Arizona Counties Insurance Pool
Subject: Proposed Third Amended Intergovernmental Agreement
Date: May 18, 2012

Over the past several months we have worked with the Arizona County Insurance Pool and its member counties to develop a new more modern foundational agreement. This document will be presented to the ACIP Board of Trustees soon, but I wanted to give each of you a preview of the document, as we will be looking to a July 1 effective date.

The proposed Third Amended Intergovernmental Agreement is intended to be the new governing agreement for ACIP. It will replace the two current intergovernmental agreements, one for the property and casualty pool and one for the workers' compensation pool, combining all operations into one agreement.

I am attaching for your review:

- The new proposed Third Amended Intergovernmental Agreement and
- A redline comparison to the current Second Amended Intergovernmental Agreement, with comments as to the changes.

Here are some of the advantages of entering into this new agreement:

1. The Agreement combines the property and casualty and workers compensation pools into one agreement. This does not change the substance of how these pools are operated. But, it does provide greater financial flexibility, as positive and negative balances in the two pools can be netted.
2. The Agreement provides greater flexibility. While there is no intent to change the operations of ACIP, the agreement allows members to participate differently in different insurance programs.
3. The language of the Agreement now provides clear authority for all of the various insurance programs offered by ACIP.
4. The Agreement cleans up language on risk management programs and on objections to payment of claims.

5. The Agreement increases ACIP's authority to settle claims to modern levels, from \$15,000 to \$50,000.
6. The Agreement preserves the integrity of ACIP by
 - a. anticipating problems with a member by giving the authority to the Board of Trustees, on a two thirds vote, to expel a member.
 - b. Strengthening the authority of ACIP to remain whole when a member leaves ACIP.

I am available to explain or discuss any of the changes with any of you.

To be effective this agreement has to be approved by all of the members, and approved as to form by all of the county attorneys.

Ken