

**INTERLOCAL FUNDING AGREEMENT BETWEEN
ORCAS ISLAND HEALTH CARE DISTRICT AND SAN JUAN COUNTY PUBLIC HOSPITAL
DISTRICT NO. 1 FOR SUPPORT OF SAN JUAN COUNTY COMMUNITY HEALTH NETWORK**

THIS INTERLOCAL FUNDING AGREEMENT ("Agreement") is entered into by and between **SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 3 D/B/A ORCAS ISLAND HEALTH CARE DISTRICT** ("OIHCD") and **SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 1** ("SJCPHD"), collectively the "Parties."

RECITALS

WHEREAS, OIHCD and SJCPHD have a mutual interest in seeking creative solutions to build capacity for health care in San Juan County;

WHEREAS, through funding from the North Sound Accountable Community of Health, OIHCD has served as the fiscal agent for a County-wide community health network initiative, which is further described in  **Exhibit A** (the "Project") and employed a project manager for the Project;

WHEREAS, the Parties wish to continue to support the Project with funding from SJCPHD and from other governmental entities at least through September 30, 2027 which is the duration of this Agreement;

WHEREAS, OIHCD's ongoing support of the Project as lead agency is contingent upon securing funding commitments from other governments and stakeholders who are interested in, and will benefit from, the community health network initiative;

WHEREAS, SJCPHD is interested in and will benefit from the Project and, therefore, desires to provide funding for its continuation, as provided herein; and

WHEREAS, OIHCD and SJCPHD desire to enter into an agreement over the matters contained herein under the authority of Chapter RCW 39.34 and Washington law generally.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows.

TERMS AND CONDITIONS

1. **PURPOSE.** The purpose of this Agreement is to provide a funding arrangement for the Project in exchange for its continuation by OIHCD as the lead agency. SJCPHD's involvement with the Project will be limited to the obligations specified herein. Without limiting the generality of the foregoing, SJCPHD shall bear no financial liability for the Project except as otherwise provided for herein.

2. **TERM.**

2.1 This Agreement shall be effective on the later of: (i) the date of full execution of this Agreement by the Parties and (ii) the date of full execution of a similar interlocal funding agreement between Lopez Island Hospital District ("LIHD") and OIHCD for contribution by LIHD

to the Project in the amount of Ten Thousand Dollars (\$10,000). The Termination Date of this Agreement shall be September 30, 2027, unless terminated pursuant to Section 2.2 below.

2.2 Either Party may terminate this Agreement, in whole or in part, without cause and for its own convenience, or if the governing body of such Party fails to appropriate funds for this Agreement, upon providing thirty (30) days written notice to the other Party.

3. OIHCD RESPONSIBILITIES.

3.1 OIHCD shall contribute Fifteen Thousand Dollars (\$15,000) to the Project, subject to OIHCD's Board approval of the 2027 OIHCD budget.

3.2 OIHCD shall make a good faith effort to obtain a funding commitment for the Project from LIHD similar in form and substance to this Agreement, and such funding commitment from LIHD is a precondition to this Agreement becoming effective as provided in Section 2.1 above. The total amount of funds from OIHCD, SJCPHD, and LIHD for the Project shall be referred to herein as the "Project Fund Amount."

3.3 OIHCD shall maintain a separate account for Project funds and shall apply funds received under this Agreement only to Project expenses. Subject to any requirements or conditions of grant funding, in the event the Project Fund Amount exceeds program expenses as of Termination Date, the surplus amount shall be distributed pro rata to OIHCD, SJCPHD, and LIHD based on their proportionate contributions; provided, however, that the Parties may mutually agree in writing to apply any unspent funds to continuing related activities or as otherwise allowed by law.

3.4 OIHCD shall support the Project through employment of a project manager and undertake the duties of an employer for the project manager.

3.5 OIHCD shall procure and administer any contracts needed to support the Project.

3.6 OIHCD shall serve as the program administrator as envisioned in RCW 39.34.030(4)(a), and provide administrative and operational oversight for the Project, including financial management, personnel management, operational functions, and legal matters.

3.7 OIHCD shall collect and share Project data subject to all applicable confidentiality requirements imposed by law. OIHCD shall provide SJCPHD and other participating stakeholders with the opportunity to participate in meetings related to the Project.

4. SJCPHD RESPONSIBILITIES.

4.1 SJCPHD shall contribute Twenty Thousand Dollars (\$20,000) to the Project ("SJCPHD's Share"), subject to SJCPHD's Board approval of the 2027 SJCPHD budget.

4.2 OIHCD will invoice SJCPHD quarterly for payment of Five Thousand Dollars (\$5,000) starting with the fourth quarter of 2026 and payment due no earlier than January 1, 2027 for such quarter, and similarly for the first three (3) quarters of 2027. SJCPHD shall promptly review and process invoices in accordance with its usual procedures. If SJCPHD

disputes any invoice, it shall work with OIHCD to resolve the dispute by: (i) first paying any undisputed portion of such disputed invoice; and (ii) negotiating in good faith to resolve the dispute. Undisputed invoice payments not made within sixty (60) days of the date of invoicing shall accrue interest at the rate of twelve percent (12%) per annum. A brief Project update shall accompany each invoice. SJCPHD may, at its option, pay SJCPHD's Share in a lump sum payment prior to January 1, 2027.

5. **PROPERTY.** No property shall be acquired with the funds transferred under this Agreement.

6. **PERSONS RESPONSIBLE FOR ADMINISTRATION OF THE AGREEMENT.**
The persons responsible for administration of this Agreement shall be:

Chris Chord, Superintendent
Orcas Island Health Care District
PO Box 226
Eastsound, WA 98245

Nathan Butler, Superintendent
PO Box 370
535 Market Street Suite E
Friday Harbor, WA 98250

7. **NOTICE.** Notice provided for in this Agreement shall be sent by certified mail, postage prepaid and return receipt requested, to the persons responsible for administration of this Agreement provided in Section 6 above.

8. **MAINTENANCE AND INSPECTION OF RECORDS.**

8.1 Each Party shall maintain books, records, and documents, which sufficiently and properly reflect all work related to the performance of the Agreement. In addition, each Party shall maintain all accounting records in a form necessary to assure proper accounting of all funds paid pursuant to this Agreement. All of the above shall be subject at all reasonable times to inspection, review, or audit by either Party, its authorized representative, the Washington State Auditor, or other governmental officials authorized by law to monitor this Agreement.

8.2 Each Party shall retain all books, records, documents, and other material relevant to this Agreement for six (6) years after its expiration.

9. **OWNERSHIP OF WORK PRODUCTS.** Each Party shall have the right to use and distribute any and all documents, writings, programs, data, public records, or other materials prepared by either Party (and/or either Party's contractors, consultants, and/or subcontractors), in connection with performance of the Agreement. The Parties recognize and agree that any documents and/or materials arising from and/or related to this Agreement may be subject to public disclosure pursuant to applicable law.

10. **COMPLIANCE WITH LAWS.** The Parties, in performance of this Agreement, agree to comply with all applicable local, Washington State, and/or federal laws and ordinances.

11. **NO THIRD-PARTY BENEFICIARIES.** This Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns. Nothing herein, express or

implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

12. **NON-DISCRIMINATION.** The Parties are equal opportunity employers. Both Parties agree that they shall not discriminate against any employee or applicant on the grounds of race, color, religion, sex, sexual orientation, national origin, creed, marital status, age, veteran status, or the presence of any disability; provided, however, that the prohibition against discrimination in employment because of disability shall not apply if the particular disability prevents the particular worker involved from performing the occupational requirements of the job.

13. **POLITICAL ACTIVITY PROHIBITED.** None of the funds, materials, property, or services provided directly or indirectly under this Agreement shall be used for the purpose of assisting a campaign for election of any person to any office or for the promotion of or opposition to any ballot proposition.

14. **NEUTRAL AUTHORSHIP.** Each Party represents and warrants that it has retained legal counsel to assist them in the preparation of this Agreement, and the Exhibits attached hereto. Each of the provisions of this Agreement have been reviewed and negotiated, and represent the combined work product of the Parties. No presumption or other rules of construction which would interpret the provisions of this Agreement in favor of or against the Party preparing the same shall be applicable in connection with the construction or interpretation of any of the provisions of this Agreement.

15. **WAIVER.** The waiver of, or the failure to take action with respect to, a Party's breach of any term, covenant, or condition of this Agreement shall not be deemed to be a waiver of such term, covenant, or condition on any subsequent breach. All remedies afforded in this Agreement shall be taken as cumulative; that is, in addition to every other remedy provided herein or by law.

16. **LEGAL RELATIONS.** In performing the services outlined in this Agreement, neither Party is acting as the agent or employee of the other; rather, each party is acting as an independent contractor.

17. **LIABILITY.** OIHCD and SJCPHD are independent governments. Except as expressly provided herein, neither Party shall be liable for the acts or omissions of the other or their respective public officials, employees, or agents.

18. **INDEMNIFICATION.** Each Party (referred to in this Section 18 as the "Indemnifying Party") agrees to be responsible for and assume all liability, losses, and damages arising out of its own acts or omissions under this Agreement, or those of its officers, agents, or employees, to the fullest extent permitted by law. The Indemnifying Party agrees to save, indemnify, defend, and hold the other Party (referred to in this Section 18 as the "Indemnified Party"), its officers, and employees, harmless from and against any and all claims, demands, causes of action, or administrative proceedings arising from such acts or omissions, including but not limited to statutory and tort liability.

18.1 Notwithstanding the foregoing, the Indemnifying Party's obligations under this Section 18 shall be reduced in proportion to the degree that the act or omission by an Indemnified Party contributed to the loss, damage, or claim. Further, no Party shall be required to indemnify another Party for losses caused by that Party's own sole negligence or intentional wrongful acts.

18.2 It is further specifically and expressly understood that the indemnification provided herein constitutes each Party's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification and for the benefit of the other Party. This waiver has been mutually negotiated by both Parties. The provisions of this Section 18 shall survive the expiration or termination of this Agreement.

19. **INSURANCE.**

19.1 OIHCD will carry throughout the period of this Agreement at its own expense the following minimum insurance, which must be primary and non-contributory:

19.1.1 Comprehensive Commercial General Liability insurance in the amount of no less than One Million Dollars (\$1,000,000.00) for combined, single-limit bodily injury, including wrongful death, or property damage to defend and indemnify all activities and services covered by this Agreement with a commercial insurance carrier protected under the State of Washington Guaranty Fund or with a risk pool approved by the Insurance Commissioner of the State of Washington.

19.1.2 Auto liability insurance with limits of no less than One Million Dollars (\$1,000,000.00) for each person and/or One Million Dollars (\$1,000,000.00) for each occurrence for owned, hired, and non-owned automobiles used for any activities and services covered by this Agreement.

19.1.3 Statutory workers' compensation insurance and employer's liability insurance to cover employees and volunteers as required by Washington State and federal law.

19.2 OIHCD shall provide evidence of insurance in the form of a Certificate of Insurance satisfactory to SJCPHD, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above. SJCPHD may request a duplicate (photocopy) of each insurance policy and endorsements noted above and the name, address, and telephone number of the broker who issued each one as evidence of coverage. Approval of insurance is a condition precedent to full execution, including continued compensation, of this Agreement. The maintenance of said insurance will not in any manner affect either Party's obligation to hold harmless and indemnify the other Parties as provided in this Agreement.

20. **MODIFICATIONS.** The terms of this Agreement may be changed, modified, amended or waived only by written agreement executed by the Parties hereto. Waiver or breach of any term or condition of this Agreement shall not be considered a waiver of any prior or subsequent breach.

21. **APPLICABLE LAW.** In the performance of this Agreement, it is mutually understood and agreed upon by the Parties hereto that this Agreement shall be governed by the laws of the State of Washington, both as to interpretation and performance, and the venue of any action arising under this Agreement shall be in the Superior Court of the State of Washington in and for San Juan County.

22. **SEVERABILITY.** In the event any term or condition of this Agreement or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other terms, conditions, or applications of this Agreement that can be given effect without the invalid term,

condition, or application. To this end, the terms and conditions of this Agreement are declared severable.

23. **ENTIRE AGREEMENT.** This Agreement contains all the terms and conditions agreed upon by the Parties. All items incorporated herein by reference are attached. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the Parties hereto.

24. **RECORDATION.** Upon execution of this Agreement, OIHCD shall file a copy of it with the office of its County Auditor or list it electronically on its website pursuant to the requirements of Chapter RCW 39.34.

IN WITNESS WHEREOF, the Parties have executed this Agreement, to be effective as provided above..

SJCPHD:

**SAN JUAN COUNTY PUBLIC HOSPITAL
DISTRICT NO. 1**

OIHCD:

**SAN JUAN COUNTY PUBLIC HOSPITAL
DISTRICT NO. 3 D/B/A ORCAS ISLAND
HEALTH CARE DISTRICT**

By: Nathan Butler
Its: Superintendent

By: Chris Chord
Its: District Superintendent

EXHIBIT A

COUNTY-WIDE COMMUNITY HEALTH NETWORK INITIATIVE