

EXHIBIT C

Governing Body Resolution No 05-07-12C



Swanco 0997

of the

Town of Lake Lure
(Name of Unit of Local Government)

WHEREAS, certain municipalities and other units of local government of the State of North Carolina, as defined in G S 160A-460(2), have agreed to create the INTERLOCAL RISK FINANCING FUND OF NORTH CAROLINA and have agreed to pool the risks of their exposure to property losses and potential liabilities in the manner herein provided pursuant to, and to be governed by, the provisions of North Carolina General Statutes 160A-460 *et seq* (Part 1 of Article 20 of Chapter 160A),

NOW, THEREFORE, BE IT RESOLVED that the above named unit of local government elects to become a member of the INTERLOCAL RISK FINANCING FUND OF NORTH CAROLINA upon the terms and conditions stated in the "Interlocal Agreement for a Group Self-Insurance Pool For Property and Liability Risk Sharing," with such future policy renewals constituting a continuing ratification of this decision to be a member of the Fund and to abide by the terms and conditions of the Interlocal Agreement

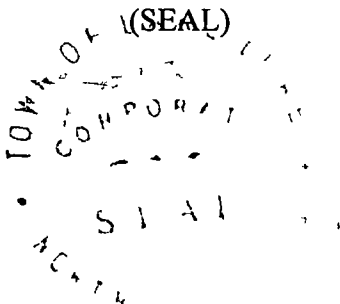
NOW, THEREFORE, BE IT FURTHER RESOLVED that the duly authorized officials of the above named unit of local government are directed to execute in the name of said unit the "Interlocal Agreement for a Group Self-Insurance Pool For Property and Liability Risk Sharing," a copy of which is attached to and made a part of this Resolution

I certify that this is a true and correct copy of this Resolution, duly adopted by the governing body on the 12th day of July, 2005, as it appears of record in its official minutes

Town of Lake Lure
(Name of Unit of Local Government)

By _____
Mayor Jim Proctor

ATTEST _____
Mary A Flack
Town Clerk Mary A Flack, MMC



**INTERLOCAL AGREEMENT FOR A
GROUP SELF-INSURANCE POOL
FOR PROPERTY AND LIABILITY RISK SHARING**

This Agreement, made and entered into in duplicate originals this 12th day of July 2005, by and between all the parties who are now or may hereafter become members of the Interlocal Risk Financing Fund of North Carolina (hereafter referred to as the "Fund")

WITNESSETH

WHEREAS, certain municipalities and other units of local government of the State of North Carolina have agreed to create the Fund and have agreed to pool the risk of their exposure to property losses and potential liabilities in the manner herein provided pursuant to, and to be governed by, the provisions of North Carolina General Statutes 160A-460 *et seq* (Part 1 of Article 20 of Chapter 160A), and

WHEREAS, the members of the Fund have agreed upon designation of a Board of Trustees to direct the affairs of the Fund, to adopt rules, regulations, policies, and by-laws for implementing and administering the Fund, and to pass upon the admissibility of future members of the Fund, and

WHEREAS, the members have designated the North Carolina League of Municipalities as Administrator of the Fund, subject to the provisions of this Agreement and the policies adopted by the Board of Trustees of the Fund, and

WHEREAS, by this Agreement the Fund will undertake to discharge, solely from the Assets of this Fund, certain claims against any member of the Fund, when said claims come within the rules of the Fund, and when said claims are determined to be due as a result of a court judgment or settlement agreement, and

WHEREAS, the members of the Fund agree to pay premiums and/or contributions based upon appropriate classifications, rates, and loss experience, and other criteria established by the Board of Trustees, out of a portion of which the Fund will establish and maintain a fund for the payment of the claims, awards, and attorney's fees and further, that the members covenant and agree that there will be no disbursements out of the fund by way of dividends or distribution of accumulated reserves to the respective members, except at the discretion of the Trustees, and

WHEREAS, the members of the Fund, through action of their respective governing bodies, have elected to comply with the conditions of this Agreement,

NOW, THEREFORE, for and in consideration of the mutual covenants, promises, and obligations herein contained, which are given to and accepted by each member hereof to the other, the parties hereto agree as follows

SECTION I PURPOSE OF AGREEMENT, COMPOSITION OF BOARD OF TRUSTEES

The purpose of the Fund established by the signatories hereto is to allow members to operate a pool for property and liability risk sharing, including but not being limited to the following risks and coverages automobile liability, automobile physical damage, comprehensive general liability, property and inland marine, boiler and machinery, fidelity bonds, crime, police professional liability, and public officials and employment practices liability (with such exclusions, exemptions, and limitations as are specified in the regulations or schedules of coverage adopted by the Board of Trustees) To this end, the Fund shall be governed by a Board of Trustees made up of thirteen (13) officials or employees of units of local government Eleven (11) members shall be appointed for three (3) year overlapping terms by the Board of Directors of the North Carolina League of Municipalities In addition, the Board of Directors of the North Carolina League of Municipalities shall appoint two (2) of its members to the Board of Trustees, to serve at the pleasure of the Board of Directors, but not more than six months beyond the end of their tenure on the Board of Directors The foregoing provisions shall not be construed to prevent the Board of Directors from appointing others of its members to one or more of the eleven (11) regular 3-year terms In addition, the Executive Director of the North Carolina League of Mu-

municipalities shall serve as an ex-officio, non-voting member of the Board of Trustees the ex-officio member position shall not have a committee assignment, nor shall the position serve as an officer of the Board of Trustees

II TRUSTEES' POWERS, DUTIES, LIABILITY, AND INDEMNITY

The Trustees shall have the following powers and duties, in addition to those set forth elsewhere in this Agreement

- 1 To establish guidelines for membership in the Fund,
- 2 To establish the terms and conditions of coverage, including underwriting criteria and exclusions from coverage,
- 3 To ensure that all valid claims are promptly paid,
- 4 To establish, operate, and enforce rules, regulations, policies, and bylaws as between the individual members of the Fund and the Fund,
- 5 To enter into agreements with such persons, firms, or corporations as it deems appropriate to adjust claims, promote membership in the Fund, provide actuarial and underwriting services, defend against claims and lawsuits, provide accounting services, obtain excess insurance or reinsurance coverage, if available, designed to protect the Fund against excess losses, invest the assets of the Fund, provide loss control and other risk management services for the Fund and member units, maintain records and accounts, and provide any other service necessary or desirable for the sound operation of the Fund,
- 6 To lease or rent real and personal property it deems to be necessary,

- 7 To borrow or raise monies for the purpose of the Fund to the extent that the Trustees shall deem desirable upon such terms and conditions as the Trustees in their absolute discretion may deem desirable or proper, and for any sum so borrowed to issue their promissory note as Trustees and to secure the repayment thereof by pledging all or any part of the pool, and no person or entity lending money to the Trustees shall be bound to see to the application of the money lent or to inquire into the validity, expediency, or propriety of any such borrowing,
- 8 To rate individually any member unit with rates different from the group rates when the loss experience of the unit warrants such individual rating, in the discretion of the Trustees,
- 9 To take measures to maintain claim reserves equal to known incurred losses and loss adjustment expenses and to maintain an estimate of incurred but not reported losses, and
- 10 To take all necessary precautions to safeguard the assets of the Fund

The Trustees shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties hereunder. The members agree that the Trustees shall not be liable for any mistake of judgment or other action made, taken, or omitted by any employee, agent, contractor, subcontractor, or independent contractor selected with ordinary care and reasonable diligence, nor for loss incurred through investment of Fund money or failure to invest. No Trustee shall be liable for any action taken or omitted by any other Trustee. The Trustees shall not be required to give a bond or other security to guarantee the faithful performance of their duties hereunder.

The members of the Fund agree that, for the payment of any claim against the Fund or the performance of any obligation of the pool hereunder, resort shall be had solely to the assets of the Fund, and neither the Trustee nor the Administrator shall be liable therefor. Further, the Fund shall indemnify and hold harmless the Trustees against any and all claims, suits, actions,

debts, damages, costs, charges, and expenses (including but not limited to court costs and attorneys' fees) and against all liability, losses, and damages of any nature whatsoever, that the Trustees shall or may at any time sustain, or be put to, by reason of the exercise of their power and in the performance of their duties hereunder, or by reason of any mistake of judgment or other action made, taken, or omitted by any employee, agent, contractor, subcontractor, or independent contractor, or for loss incurred through investment of Fund money or failure to invest

SECTION III PAYMENT OF CLAIMS

The members of the Fund agree that, for the payment of any claim against the Fund or the performance of any obligation arising hereunder, resort shall be had solely to the assets of the Fund, and neither the Trustees nor the Administrator shall be liable therefor. Accordingly, lawful claims will be paid from the assets of the Fund pursuant to the types and levels of coverage established by the Board of Trustees. The Board of Trustees shall establish a schedule of types and monetary levels of coverages for which the Fund shall be responsible on behalf of its members, including provisions for levels of coverage for which the members shall be individually responsible. Such types and levels of coverage may vary according to population classifications of members, mutual agreement of the Fund and a member, or such other criteria as may be established by the Board of Trustees. The types and level of coverage for each member shall be shown on a Coverage Document provided to each member. The Fund shall pay all claims (less the applicable deductible) for which each member incurs liability during each member's period of membership except where a member has individually retained the risk, where the risk is not covered, and except for amount of claims above the coverage provided by the Fund. The schedule so established may, from time to time, be amended by the Board of Trustees (but not during any coverage period) to sustain the financial integrity of the Fund or to reflect the desires of the members as determined by the Board of Trustees.

SECTION IV MUTUAL COVENANT OF RISK SHARING

The members intend this Agreement as a mutual covenant of risk sharing and not as a partnership. No member by reason of being a member of the Fund and contributing to the Fund shall be liable to the Fund, to any other member, or any claimant against the Fund, except for the

payment of the premiums and/or contributions and deductibles provided for in its application for membership and joinder in the Fund, for annual premiums and/or contributions for continued membership as determined by the Trustees, and for any necessary additional assessments levied by the Trustees to offset a claims fund deficiency

SECTION V ADMINISTRATOR

The North Carolina League of Municipalities, an unincorporated association with offices at 215 North Dawson Street, Raleigh, North Carolina, 27602, is designated as the Administrator of the Fund. Subject to the direction of the Trustees, the Administrator shall provide day-to-day management of the Fund and shall have the authority to contract with third parties for provision of services. The Administrator may establish offices where necessary within the State of North Carolina and employ staff to carry out the Fund's purpose. The Administrator shall deposit to the account of the Fund at any financial institution or financial institutions designated by the Trustees all premiums and/or contributions as collected and such monies shall be disbursed and/or invested only as provided by the rules, regulations, policies, and bylaws of the Trustees. The Administrator may enter into financial services agreements with financial institutions and issue checks in the name of the Fund. The Administrator shall receive such compensation as shall be determined from time to time by the Trustees.

SECTION VI ADMISSION TO MEMBERSHIP, SUSPENSION & EXPULSION

All members of the Fund hereby agree that the Trustees may admit as members of this Fund only the units of local government set forth in North Carolina General Statutes 160A-460 *et seq* (Part 1 of Article 20 of Chapter 160A). The Trustees shall be sole judge of whether or not an applicant shall be admitted to membership. Except as otherwise provided in Section VII (i) of this Agreement, a member may be suspended or expelled by the Trustees from the Fund only after forty-five (45) days' notice has been mailed to it. No payment shall be required by the Fund as a result of any claim occurring after forty-five (45) days' notice has been mailed to the member.

SECTION VII RULES, REGULATIONS, POLICIES, AND BYLAWS, MEMBERS' RESPONSIBILITIES
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The rules, regulations, policies, and bylaws for the administering of the Fund and the admission and expulsion or suspension of members shall be promulgated by the Trustees. In addition, each member of the Fund agrees as follows

- (a) To make prompt payment of all premiums and/or contributions as required by the Trustees,
- (b) To (and they do hereby) appoint the Trustees and the Administrator, as its agent and attorney-in-fact, to act on its behalf and to execute all contracts, reports, waivers, agreements, excess insurance or reinsurance contracts, and service contracts, to make or arrange for payment of claims and all other things required or necessary, insofar as they affect its liability for claims and awards and as covered by the terms of the Agreement and the rules, regulations, policies, and by-laws as now provided or as hereafter promulgated by the Trustees,
- (c) In the event a claim is reported to or is known by a member, to give immediate notification of the claim to the Administrator in the manner prescribed by the Trustees,
- (d) To permit the Fund to defend in the name of and on behalf of the members any suits or other proceedings which may at any time be instituted against them concerning claims for which the Fund may be obligated to make payment (although such suits, other proceedings, allegations, or demands are considered to be wholly groundless, false, or fraudulent) and to pay all judgments or costs taxed against members in any legal proceeding which is so defended at the direction of the Fund, all interest accruing after entry of judgment and all expenses which are incurred pursuant to the direction

of the Fund for investigation, negotiation, or defense. It is agreed that the Fund shall make all final decisions regarding the legal defense of claims, and shall have absolute and conclusive authority with regard to defense, settlement, and payment of claims. It is agreed that the independent settlement or payment of any claim by or on behalf of a member without approval of the Fund shall be at the sole cost of the settling member without any reimbursement or other resources from the Fund, and, may be grounds for expulsion of the member from the Fund,

- (e) To cooperate in all respects with the Fund, the Trustees, the Administrator, and any contractors of the Fund in carrying out the purposes of this Agreement,
- (f) In the event of the payment of any loss by the Fund under this Agreement, the Fund shall be subrogated to the extent of such payment to all the rights of the member against any person or other entity legally responsible for damages for such loss, and in such event, the member agrees to render all reasonable assistance to affect recovery,
- (g) To follow any reasonable safety, loss prevention, loss control, and risk management recommendations of the Trustees, the Administrator, or contractors of the Fund in order to minimize claims against and losses of the Fund,
- (h) The Trustees, the Administrator, and any contractors of the Fund shall be permitted at all reasonable times to inspect the real and personal property, work places, plants, works, machinery, and appliances of each member covered by this Agreement, and shall be permitted at all reasonable times within two years after the final termination of a member's membership to examine the member's books, vouchers, contracts, documents, and records

of any and every kind which show or tend to show or verify the premiums and/or contributions that are payable under the terms hereof,

- (i) Risk sharing by the Fund under the terms of this Agreement shall begin upon payment of the premium and/or contribution by that member to the Fund. Risk sharing by this Fund under the terms of this Agreement shall expire and be cancelled automatically for nonpayment of premiums and/or contributions, and a member may be expelled from the Fund upon thirty (30) days' notice by mail by the Trustees, the Administrator, or their designee to the member specifying the date that cancellation shall be effective. No payment shall be required of the Fund as a result of any covered loss of the expelled member occurring after 30 days' notice has been mailed to the expelled member,
- (j) To pay any assessment duly levied by the Trustees under the terms of this Agreement. If a member cancels or withdraws from the Fund, the member shall pay its pro rata share of any assessment relating to the member's period of enrollment, and
- (k) In order that an adequate reserve may be maintained, the members further agree that the Trustees shall have the right to assess the members pro-rata in such amounts as will be sufficient to maintain at all times a minimum reserve, equal to at least the annual premium and/or contributions for the coverage provided by the Fund. Should a member fail to pay any assessment as provided for in this Section within thirty (30) days of the assessment date, all interest and claim of such defaulting member in and to the Fund shall automatically cease.

SECTION VIII ALLOCATION OF MONIES

The Trustees are authorized to set aside from the premiums and/or contributions collected from members a reasonable sum for the operating and administrative expenses of the Fund. All remaining monies coming into their hands during any fiscal year of the Fund shall be set aside and shall be used only for the following purposes:

- (a) Disbursement to establish a reserve for payments of covered claims and expenses and required settlements, awards, judgments, legal fees, and costs in all contested cases to the extent provided herein,
- (b) Payment of such compensation to the Administrator as shall be determined from time to time by the Trustees,
- (c) Payment of all costs of all bonds and auditing expenses required of the Fund, the Administrator, or its agents or employees, and
- (d) Distribution to members in such manner as the Trustees shall deem to be equitable of any excess monies remaining after payment of claims and expenses and after provision has been made for open claims and outstanding reserves, provided, however, that no such distributions shall be made earlier than twelve (12) months after the end of a Fund Year. Undistributed excess funds from previous Fund Years may be distributed at any time if they are not required as reserves and if approved for distribution by the Trustees.

Monies in excess of those required to fulfill the purposes, costs, and other obligations of the Fund as set out hereinabove will be accumulated in the Fund or distributed to the member units at the discretion of and in the manner provided by the Trustees.

SECTION IX	FISCAL YEAR, CONTINUING CONTRACT, WITHDRAWAL OF MEMBER SUBJECT TO PROVISION OF 45 DAYS' WRITTEN NOTICE TO ADMINISTRATOR, FEE IMPOSED FOR FAILURE TO PROVIDE 45 DAYS' WRITTEN NOTICE OF WITHDRAWAL
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The Fund shall operate on a fiscal year from 12 01 a m July 1st, to midnight of June 30 of the succeeding year (the "Fund Year") Application for membership, when approved in writing by the Trustees or their designee, shall constitute a continuing contract for each succeeding Fund Year unless cancelled by the Trustees, or unless the member shall have resigned or withdrawn from the Fund by having written notice delivered to the Administrator on or before May 15 (i e , the Administrator must receive written notice forty five (45) days' prior to the last day, June 30, of the Fund Year) Failure to provide forty five (45) days' written notice shall subject the member to the assessment of an exiting fee constituting two percent (2%) of the premium for that Fund Year

SECTION X	MEMBERS BOUND BY AGREEMENT, TERMINATION PERMITTED ONLY AT END OF FISCAL YEAR, FINAL ACCOUNTING
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Any member who formally applies for membership in the Fund and is accepted by the Trustees shall thereupon become a party to this Agreement and be bound by all of the terms and conditions hereof, and such application shall constitute a counterpart of this Agreement Cancellation of this Agreement on the part of any member, or withdrawal from membership, shall be permitted only at the end of a fiscal or Fund Year A terminating member is entitled to a final accounting when all incurred claims are concluded, settled, or paid

SECTION XI	INTENTION OF INDEFINITE OPERATION, RESERVATION OF RIGHT TO TERMINATE FUND, REVERSION OF MONIES OR OTHER ASSETS UPON TERMINATION
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This Fund has been established with the bona fide intention that it shall be continued in operation indefinitely and that the premiums and/or contributions to the Fund shall continue for an indefinite period However, the Trustees reserve the right at any time to terminate the Fund by a written instrument to that effect executed by the Trustees In the event of such termination,

member premiums and/or contributions (other than duly authorized assessments) shall cease as of the date of termination and the assets then remaining in the Fund shall continue to be used and applied, to the extent available, for the

- (a) payment of claims arising prior to such termination and administrative and other expenses and obligations arising prior to such termination, and
- (b) payment of reasonable and necessary expenses incurred in such termination

Any monies or other assets thereafter remaining in the Fund shall revert to the members of the Fund as of the date of termination pro-rata to the annual premium and/or contributions of said members paid in the year of termination. In no event shall any such assets be returned or distributed to any individual. Upon such termination, the Trustees shall continue to serve for such period of time and to the extent necessary to effectuate termination of the Fund.

SECTION XII AMENDMENT OF AGREEMENT

This Agreement may be amended by an agreement executed by those members constituting a majority in paid-in dollar volume of contributions to the Fund during the current Fund Year. In lieu of this amendment procedure, the members hereby appoint the Board of Directors of the North Carolina League of Municipalities as their agents to make any amendments to this Agreement which would not fundamentally alter the contemplated arrangement. For purposes of illustration, and not limitation, an amendment to increase or decrease the number of members of the Board of Trustees or their terms shall not be construed as a fundamental alteration of the arrangement, provided that the current term of a member may not be terminated by any such amendment. Written notice of any amendment proposed for adoption by the Board of Directors of the North Carolina League of Municipalities shall be mailed to each member not less than 30 days in advance. Written notice of amendments finally adopted by the Board of Directors of the North Carolina League of Municipalities shall be mailed to each member not more than 30 days after adoption.

SECTION XIII HEADINGS

Headings of various sections and subsections of this Agreement have been inserted for the convenience of reference only and shall not be construed as modifying, amending, or affecting in any way the express terms and provisions of this Agreement

SECTION XIV INTERPRETATION

This Agreement shall be governed and interpreted under the laws of the State of North Carolina. This Agreement is intended to serve as an interlocal agreement, for purposes of executing the undertaking described in the preceding sections and paragraphs, under North Carolina General Statutes 160A-460 *et seq* (Part 1 of Article 20 of Chapter 160A). The terms of this Agreement do not constitute a coverage document or form applicable to any specific claim.

Should any clause, sentence, provision, paragraph, or other part of this Agreement be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Agreement. Each of the parties declares that it would have entered into this Agreement irrespective of the fact that any one or more of this Agreement's clauses, sentences, provisions, paragraphs, or other parts have been so declared invalid. Accordingly, it is the intention of the parties that the remaining portions of this Agreement shall remain in full force and effect without regard to the clause(s), sentence(s), provision(s), paragraph(s), or other part(s) invalidated.

Failure of the Trustees, the Administrator, or their designees to insist in any one or more instances upon the performance of any of the covenants, agreements, and/or conditions of this Agreement, or to exercise any right or privilege herein conferred, shall not be construed as a waiver of any such covenant or condition.

This Agreement contains the entire agreement between the parties, whom shall not be bound by any verbal statement or agreement made heretofore.

IN WITNESS WHEREOF, the participating entity listed below acknowledges its membership in the Fund and acceptance of obligations hereunder, by the due execution hereof, following appropriate governing body approval, by its duly authorized official. Further, the members of the Interlocal Risk Financing Fund of North Carolina have caused these presents to be

signed by their duly authorized Chair of the Board of Trustees and have had this Agreement at-
tested by its duly authorized Administrator

WITNESS

Robert A. Haynes

INTERLOCAL RISK FINANCING FUND
OF NORTH CAROLINA

BY

Chair
Board of Trustees

Sandra D. Bastie

NORTH CAROLINA LEAGUE OF
MUNICIPALITIES

BY

Executive Director
Administrator

Mary E. Flack

(Clerk, or Secretary to the Board)
Mary E. Flack, MMC

(NAME OF PARTICIPATING ENTITY)

BY

(Mayor, or Board Chair) Jim Proctor

