

**INTERLOCAL AGREEMENT
REGARDING CALL COVERAGE FOR EMERGENCY SERVICES**

THIS AGREEMENT is made and entered into as of this 22nd day of December, 2008, by and among PUBLIC HOSPITAL DISTRICT NO. 1, SKAGIT COUNTY, WASHINGTON ("PHD No. 1") and PUBLIC HOSPITAL DISTRICT NO. 2, SKAGIT COUNTY, WASHINGTON ("PHD No. 2") (hereinafter collectively referred to as the "Parties" or the "Districts").

RECITALS

WHEREAS, Chapter 70.44.003 RCW authorizes public hospital districts to provide "hospital services and other health care services for the residents of such districts and other persons"; and

WHEREAS, each of the Districts is located in a rural area and each provides hospital and other health care services to District residents, including emergency services; and

WHEREAS, Chapter 70.44.240 RCW expressly authorizes public hospital districts to contract or join with any other public hospital district to acquire or provide services or facilities to be used by individuals, districts, hospitals or others; and

WHEREAS, Chapter 70.44.450 RCW expressly authorizes rural public hospital districts to enter into cooperative agreements and contracts with one another under the Interlocal Cooperation Act (Chapter 39.34 RCW) to provide for the health care needs of the people served by the hospital districts, which agreements and contracts are authorized to include combined purchases and allocations of medical equipment and technologies, joint agreements and contracts for health care service delivery and payment with public and private entities, and other cooperative arrangements; and

WHEREAS, the Boards of Commissioners of the Districts desire to explore opportunities for cooperative relationships among the Parties and the members of their medical staffs to enhance the ability of the Parties to deliver emergency health care services to meet the health care needs of the people served by the Districts; and

WHEREAS, pursuant to the authority granted by Chapter 39.34 RCW and Chapter 70.44 RCW, the Parties wish to explore opportunities for cooperative arrangements with respect to the delivery of emergency health care services in order to realize cost savings and to better meet the health care needs of the residents of and other persons served by the Districts and, from time to time, to engage in such joint activities as may be in the best interests of the people served by the Districts; and

WHEREAS, while pursuing cooperative relationships under this Agreement, the Parties intend to maintain their status and identity as separate legal entities, and do not intend to merge or consolidate the Districts;

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants herein contained, the Parties agree as follows:

Section 1.

a. Co-Administrators. Pursuant to the authority granted by Chapter 39.34 RCW and Chapter 70.44 RCW, the Parties hereby designate and appoint the Superintendent of PHD No. 1 and the Superintendent of PHD No. 2 to serve as the co-administrators (the "Administrators") of this Agreement. The Administrators shall be responsible for carrying out this Agreement.

b. Oversight Committee. From time to time during the term of this Agreement an oversight committee (the "Oversight Committee"), comprised of at least one but no more than two members of the Board of Commissioners of each District, shall meet with the Administrators to monitor the progress of the Agreement.

Section 2. Purpose. On behalf of the Parties, the Administrators shall engage in the following activities:

a. Analyze organizational models and strategies for cooperative relationships and joint actions to improve the delivery of emergency health care services to the populations served by the Districts;

b. Engage consultants from time to time as deemed necessary by the Administrators to assist the Administrators in evaluating the various models, strategies and joint actions considered by the Administrators;

c. Meet and discuss with the members of the medical staffs of each of the districts the proposed organizational models and strategies for improving the delivery of emergency health care services;

d. From time to time, recommend to the Oversight Committee and/or the Boards of Commissioners of the Districts one or more models, strategies or joint actions to improve the delivery of emergency health care services; and

e. Negotiate, execute and deliver services agreements among the Districts and members of the medical staffs of each of the Districts necessary to implement the models, strategies and/or joint actions approved by the Oversight Committee and/or the Boards of Commissioners of the Districts with respect to the delivery of emergency health care services.

The scope of this Agreement is limited to the activities described in paragraphs (a) through (e) of this Section 2.

Section 3. Term and Termination. This Agreement shall expire on December 31, 2009, but shall be automatically extended for additional terms of one year each, unless one Party provides notice to the other Party of its intent to withdraw from the Agreement no later than 60 days prior to the expiration date. The initial term and each subsequent term are subject to earlier termination by either Party upon 60 days' notice to the other Party.

Section 4. Powers. The Administrators shall have the following powers in carrying out the purposes of this Agreement:

- a. To make and enter into contracts;
- b. To hire or fire agents and independent contractors as they deem to be necessary; and
- c. To have and exercise all other powers necessary to carry out the purposes of this Agreement subject to any restrictions imposed by Chapter 39.34 RCW and Chapter 70.44 RCW.

Section 5. Scope of Authority. Neither Party shall have any independent authority to direct the management of the Parties' activities under this Agreement. Neither Party shall have any authority to bind or to act for or to assume any obligations or responsibilities on behalf of the other Party.

Section 6. Contracts. Any contract entered into by the Administrators shall be in writing and shall contain a provision permitting termination of such contract upon no more than 12 months' notice in the event this Agreement is terminated.

Section 7. Property. Any property required to carry out the purposes of this Agreement shall, at the discretion of the Administrators, be held in the name of one of the Parties or by the Parties jointly as tenants in common or as partners. Upon termination of this Agreement, the Administrators shall distribute equally among the Parties any property held pursuant to this Agreement.

Section 8. Funding. Any costs incurred by the Administrators on behalf of the Parties, including, but not limited to, the cost of preparing this Agreement and carrying out the activities described in Section 2, shall be allocated among the Parties on the basis of a methodology to be determined by the Administrators.

Section 9. Notices. Any and all notices or communications required or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been given upon receipt when personally delivered or sent by overnight courier or when such delivery is refused or upon receipt if sent by facsimile with hard copy in two (2) days or two (2) days after deposit in the United States mail if sent by first class, certified or registered mail, return receipt requested. All notices shall be addressed to the Parties at the addresses set forth below in Exhibit A or at such other address specified by notice to the other Party.

Section 10. Entire Agreement/Modification. This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior negotiations or discussions with respect thereto. This Agreement may be amended or modified by written instrument signed by the parties hereto. Such amendments may be for the purposes of, among other things, adding or deleting parties to this Agreement or expanding the purposes for which the Administrators is organized.

Section 11. Assignment. No party to this Agreement may assign its rights or obligations hereunder.

Section 12. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original but all of which taken together shall constitute but one and the same instrument.

Section 13. Filing Requirements. Upon execution of this Agreement, the parties shall file a true and complete copy thereof in compliance with the provisions of Chapter 39.34 RCW.

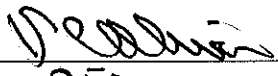
Section 14. Authorization. Each Party does hereby represent and warrant to the others that it is duly authorized to enter into and to carry out the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereby execute this Agreement as of the day and year first set forth above.

PUBLIC HOSPITAL DISTRICT NO. 1,
SKAGIT COUNTY, WASHINGTON

By: 
Its: CEO

PUBLIC HOSPITAL DISTRICT NO. 2,
SKAGIT COUNTY, WASHINGTON

By: 
Its: CEO