

North Sound Behavioral Health
Administrative Services Organization
Board of Directors
Meeting Agenda

October 8th, 2026

**Board of Directors Members Present
in Person:**

Members Present via MS Teams:

**North Sound Behavioral Health
Administrative Services Organization
(North Sound BH-ASO) Staff Present:**

Guests Present:

- 1. Call to Order and Introductions** – Chair
- 2. Tribal Acknowledgement** – Chair
[Tribal Behavioral Health | North Sound BH-ASO \(nsbhaso.org\)](https://nsbhaso.org)
- 3. Revisions to the Agenda** – Chair
- 4. Approval of the September 10th, 2026, Minutes, Motion #26-39** – Chair....
Attachment
- 5. Comments & Announcements from the Chair** - Chair
- 6. Reports from Members** - Chair
- 7. Comments from the Public** - Chair
- 8. Report from the Advisory Board** (Available at Meeting) Attachment
Kara Allen, Advisory Board Chair
- 9. Report from the Finance Officer** (Available at Meeting) Attachment
Kim Nakatani, Fiscal Director
- 10. Report from the Governance Operations Committee** - Chair

All matters listed with the Consent Agenda have been distributed to each Member for reading and study, are considered to be routine, and will be enacted by one action of the Board of Directors with no separate discussion. If separate discussion is desired, the item may be removed from the Consent Agenda and placed on the Regular Agenda by request of a Member.

Consent Agenda - Chair (Available at Meeting)Attachment
Motion #26-40

- To review and approve the North Sound Behavioral Health Administrative Services Organization claims paid from September 1st, 2026, through September 30th, 2026, in the amount of \$.
- Payroll for the month of September in the amount of \$ and associated employer benefits in the amount of \$.

11. Action Items – Lisa Hudspeth, Provider Relations/Contracts Manager

For Board Approval

Health Care Authority

- Rural Health Transformation Project
 - This is a new Professional Services Contract with Health Care Authority (HCA) for the Rural Health Transformation Program (RHTP) and is to be used for investment in expansion of mobile crisis and mobile stabilization services to improve rural behavioral health outcomes and reduce the strain on rural hospitals from emergency room utilization from behavioral health crisis.
 - North Sound BH-ASO's approved proposal focuses on the transformation of behavioral health crisis response services in Island County and San Juan County for the following:
 - Island County Mobile Crisis System Transformation and Expansion
 - San Juan County Mobile Crisis Co-Responder Enhancement
 - Total funding is \$869,082.72 for the period of Date of Execution – 9/30/2027.
- Projects for Assistance in Transition from Homelessness (PATH)
 - Funding is used to support outreach programming targeting individuals with a serious mental illness who are unhoused in Snohomish County. The current annual funding (10/1/2026 – 9/30/2027) for this service is \$207,459.00. North Sound provides a mandatory match annually of \$69,153.00.
 - North Sound BH-ASO has not yet received our contract for the next funding cycle (10/1/2026 – 9/30/2027), however, HCA has indicated that they anticipate the award amount to be the same. The current annual funding (10/1/2025 – 9/30/2026) for these services is \$207,459.00. North Sound provides a mandatory match annually of \$69,153.00.
- Peer Pathfinder Homeless Outreach Programs
 - Funding is used to support outreach and engagement services for those who are, or who are risk of homelessness and have or are suspected to have an Opiate Use Disorder and/or stimulant use disorder in Whatcom County.

- North Sound BH-ASO has not yet received our contract for the next funding cycle (10/1/2026 – 9/30/2027), however, HCA has indicated that they anticipate the award amount to be the same. The current annual funding (10/1/2026 – 9/30/2026) for these services is \$131,480.00.

Motion #26-41

HCA-North Sound BH-ASO-K913 for Rural Health Transformation Program funding. The contract term is Date of Execution, through September 30, 2027.

Motion #26-42

HCA-North Sound BH-ASO-PATH for the purpose of funding PATH services in Snohomish County. The contract term is October 1, 2026, through September 30, 2027.

Motion #26-43

HCA-North Sound BH-ASO-Peer Path Finder for the purpose of providing peer pathfinder services in Whatcom County. The contract term is October 1, 2026, through September 30, 2027.

Bridgeways

- Bridgeways is the provider of PATH services in Snohomish County. The annual funding amount is anticipated to be consistent with the current contracted amount of \$207,459.00 of grant funding and \$69,153.00 in matching State funds for case management services for a total of \$276,612.00.

Motion #26-44

North Sound BH-ASO-Bridgeways-PATH-26 for the purpose of providing PATH outreach and case management services in Snohomish County. The term of the funding is October 1, 2026, through September 30, 2027, based on continued compliance with the terms of the contract.

Lifeline Connections

- Lifeline Connections is the provider of Peer Pathfinder Services in Whatcom County. The final contract amount is anticipated to be consistent with the current contracted amount of \$131,480.00.

Motion #26-45

NS-BHASO-LIFELINE CONNECTIONS-ICN-20260701 AMD 1 to provide funding to the Peer Path Finder services under this contract. The term of the funding is October 1, 2026, through September 30, 2027, based on continued compliance with the terms of the contract.

12. Report from the Executive Director

JanRose Ottaway Martin, Executive Director

Crisis Metrics Report (Available at Meeting).....Attachment

13. Executive Session Attachments

Chair Paulsen

- *Duration of time for session voiced*

14. Adjourn - Chair

Next Meeting: November 12th, 2026

North Sound Behavioral Health
Administrative Services Organization
Board of Directors
Meeting Minutes

September 10th, 2026

**Board of Directors Members Present
in Person:**

- Peter Browning, Commissioner, Skagit County
- Jill Johnson, Commissioner, Island County
- Christi Brua Weaver, Skagit County Public Health, Alternate for Peter Browning, Commissioner; Skagit County
- Satpal Sidhu, Whatcom County Executive

Members Present via MS Teams:

- Barry Buchanan, County Council; Whatcom County
- Amanda Franke, Human Services, designated alternate for Dave Somers, County Executive; Snohomish County
- Sam Low, County Council; Snohomish County
- Cynthia Foley: Senior Legislative Analyst, designated alternate for Strom Peterson, County Council; Snohomish County

**North Sound Behavioral Health
Administrative Services Organization
(North Sound BH-ASO) Staff Present:**

- JanRose, Ottaway Martin, Executive Director
- Lindsay Lopes, Deputy Director
- Kim Nakatani, Fiscal Director
- Lisa Hudspeth, Contracts Manager, Provider Relations
- Charles DeElena, Operations and Compliance Director/Privacy Officer
- Michael McAuley, Clinical Director
- Maria Cruz, Senior Administrative Assistant

Guests Present:

None

Call to Order and Introductions – Chair

Chair called the meeting to order and initiated introductions

Revisions to the Agenda

No revisions were mentioned

Approval of the August 13th, 2026, Minutes, Motion #26-37 – Chair

Jill Johnson moved the motion for approval. Barry Buchanan seconded the motion. all in favor, none opposed, motion #26-37 carried

Comments & Announcements from the Chair – Chair

Chair had no comments

Reports from Members – Chair

Board Members gave updates on the behavioral health efforts in their respective counties

Comments from the Public – Chair

No public in attendance

Report from the Advisory Board

JanRose provided the brief

Report from the Finance Officer

Kim Nakatani, Senior Accountant

Kim gave the report from the Finance Officer and answered questions

Report from the Governance Operations Committee – Chair

All matters listed with the Consent Agenda have been distributed to each Member for reading and study, are considered to be routine, and will be enacted by one action of the Board of Directors with no separate discussion. If separate discussion is desired, the item may be removed from the Consent Agenda and placed on the Regular Agenda by request of a Member.

Consent Agenda – Chair

Motion #26-38

- To review and approve the North Sound Behavioral Health Administrative Services Organization claims paid from August 1st, 2026, through August 31st, 2026, in the amount of \$3,964,781.88.
- Payroll for the month of August in the amount of \$291, 821.50 and associated employer benefits in the amount of \$144,616.34.

Barry Buchanan moved a motion for approval, Sam Low seconded the motion, all in favor, none opposed, motion #26-38 carried

Action Items – Lisa Hudspeth, Contracts Manager

For Board Approval

There are no Action Items for the month of September

Discussion Items

JanRose Ottaway Martin, Executive Director

Legislative Summit, Wednesday, October 14th, 2026, 11-1:30

Report from the Executive Director

JanRose Ottaway Martin, Executive Director

Crisis Metrics Report

- [HR1 Update](#)
- [STAR Facility Update](#)
- [Lummi Withdrawal Management Facility Update](#)
- [San Juan Co-Response Update](#)

Adjourn - Chair

Next Meeting: October 8th, 2026

Fellow Board Members-

Per the interlocal agreement governing the BHASO, it is the Board of Directors has the obligation and authority to supervise the Director in the execution of the work of the organization. Per 5.3.5 of the Interlocal... "the Board of Directors shall hire, give authority to, evaluate, give direction to and terminate the BHASO's administrator and employees (collectively "NS BH-ASO Administrator")..." A key component of this directive is that we evaluate the Director and use that information to guide our decisions.

As Chair, I have engaged with the Executive Director to discuss how this process has been accomplished in the past and it appears that the organization has not had a standard historical approach. I have similarly had discussions with the Executive Director regarding specific items related to wage, performance outcomes and other meaningful items related to the Board/Director relationship. Based on those interactions, I would like to propose that the Board take a more structured approach to this process so that there is clarity on *how* and *when* items of this nature will be handled to give certainty to both the Board and ED that communication and expectations are clear, concise and certain, now and into the future. I have requested that a discussion of this be scheduled for Executive Session at the upcoming meeting under RCW 42.30.110 (g) *To evaluate the qualifications of an applicant for public employment or to review the performance of a public employee*. This session will give us a chance to discuss specific performance items with the ED related to her employment. Following the Executive Session, the board may opt to take action or provide direction as it sees fit. An opportunity for that will be built into the general agenda.

Should any board members have questions related to this, I am happy to discuss ahead of the meeting as needed.

Thank you,

Justin Paulsen

justinp@sanjuancountywa.gov

360-948-5968

**RESTATED JOINT COUNTY AUTHORITY BH - ASO INTERLOCAL OPERATING
AGREEMENT**

OF

**NORTH SOUND BEHAVIORAL HEALTH – ADMINISTRATIVE SERVICES
ORGANIZATION, LLC,**

a Washington behavioral health – administrative services organization and limited liability
company

Effective

as of

January 1, 2019

**RESTATED JOINT COUNTY AUTHORITY BH-ASO INTERLOCAL OPERATING
AGREEMENT
OF
NORTH SOUND BEHAVIORAL HEALTH – ADMINISTRATIVE SERVICES
ORGANIZATION, LLC**

THIS RESTATED JOINT COUNTY AUTHORITY BH-ASO OPERATING AGREEMENT (this “Agreement”) is made and entered into effective as of January 1, 2019, by and among the following County Authorities: Island County, San Juan County, Skagit County, Snohomish County and Whatcom County (collectively “County Authorities”).

RECITALS

- A. In January 2016, the County Authorities, as defined below and as provided for in RCW 71.24.025 (12), entered into an Agreement under the authority of the Interlocal Corporation Act, specifically RCW 39.34.030, to jointly provide a community health program and regional system of care, with the collective goal of consolidating administration and reducing administrative layering, consistent with the State of Washington’s legislative policy as set forth in RCW 71.24.015.
- B. This limited liability company has been carrying out the January 2016 Agreement by contracting with the State of Washington to serve as a regional support network from the date termination until April 1, 2016, and as a behavioral health administration as of April 1, 2016, as provided for in RCW 71.24.100.
- C. In 2017 the Washington legislature approved changes to the state’s health care system with a goal of transforming health care delivery to a managed care program that is focused on ‘whole person care.’ To accomplish that, the Washington Health Care Authority (HCA) is charged with providing care to insured individuals through Managed Care Organizations (MCOs) and, for certain services, directly through Behavioral Health Administrative Services Organizations (BH-ASOs) both of which will integrate physical health, mental health, and substance use disorder services regionally. Under the new system, once the MCOs require NS BHO-ASO to assume solely ASO duties, Behavioral Health Organizations (BHOs), including NS BH-ASO, will cease to provide behavioral health services under the previous model. Until such time, this NS BHO-ASO will continue to operate as a BHO.
- D. The managed care program will begin operation at a time established by HCA, currently planned for July 1, 2019 but subject to change at HCA’s discretion. The program relies on NS BH-ASO to continue providing regional coordination, management and services that are the responsibility of the five County Authorities, and to continue coordinating the services funded by MCOs with services for which the County Authorities directly contract. NS BH-ASO will continue to be a necessary component to meet the intended goal of providing integrated managed care.

Programs that are not part of the managed care program but nonetheless require that services be provided and administered through a BH-ASO may contract with NS BH-ASO following execution and filing of this Restated Agreement effective January 1, 2019, or at a later date determined by the Board of Directors.

- E. To meet its duties prior to the date the MCOs require BH-ASO services and to meet the needs of organizations requiring a contractual relationship with a BH-ASO, NS BHO-ASO will operate both as a BHO and BH-ASO until its service are no longer needed as BHO and it assumes only those duties as a BH-ASO.
- F. This amendment to the 2016 Agreement continues the mechanism that provides a means for each County Authority to share in the cost of mental and behavioral health and related administrative services, and further provides the means for both payment of services and audit of funds, as provided for in RCW 71.24.100, and 71.24.880. In addition, this Restated Agreement provides for the joint supervision and operation of services and facilities, as provided for in RCW 71.24.110, and for integrated, comprehensive screening and assessment for substance use and mental disorders in 71.24.630.

This Agreement serves as an Operating Agreement as provided for in the LLC Act, as defined below, as well as an Interlocal Agreement, as authorized by RCW 39.34.030.

- F. RCW 39.34.030 expressly authorizes local government, such as the County Authorities, to form limited liability companies to carry out their joint activities.
- G. This Restated Agreement supersedes and replaces the agreement titled "Joint County Authority Behavioral Health Interlocal Operating Agreement of North Sound Behavioral Health Organization, LLC," a Washington behavioral health organization and limited liability company filed with the Washington Secretary of State recorded February 4, 2016, UBI # 603 583 336, which superseded and replaced the agreement titled "Interlocal Agreement Establishing a Mental Health Regional Support Network for Island, San Juan, Skagit, Snohomish and Whatcom Counties" recorded October 14, 1997 in the records of the County Auditor of San Juan County under Auditor's File Number 97101405.
- H. In adopting this Restated Agreement, in addition to adopting the Certificate of Amendment, the County Authorities hereby also adopt, and agree to, the Recitals and the facts set forth herein.

ARTICLE 1 -- DEFINITIONS

The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

1.1 “Behavioral Health Act (**BHO Act**)” means Laws of 2014, chapter 225 and those portions of chapter 71.24 RCW in effect on and after April 1, 2016.

1.2 “Behavioral Health – Administrative Services Organization (**BH-ASO**)” means North Sound Behavioral Health – Administrative Services Organization, LLC, governed by this joint operating agreement of the five County Authorities. The BH-ASO is a “company” as that term is used in the LLC Act.

1.3 “**Capital Account**” means the capital account determined and maintained for each County Authority pursuant to Section 8.3.

1.4 “**Capital Contribution**” means any contribution to the capital of the BH-ASO in cash or property by a County Authority whenever made.

1.5 “**Certificate of Formation**” means the certificate of formation pursuant to which the BH-ASO was formed as an LLC, as originally filed with the office of the Secretary of State on February 4, 2016, and as amended from time to time.

1.6 “**Code**” means the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent superseding federal revenue laws.

1.7 “**Community Mental Health Services Act**” means Title 71 RCW which establishes authority for the behavioral health service delivery system.

1.8 “**County Authority**” or “**County Authorities**” shall have the same meaning as used in RCW 71.24.025, in effect as of April 1, 2016, as amended, and shall include only Island, San Juan, Snohomish, Skagit and Whatcom Counties. Each County Authority that signs a counterpart of this Agreement shall be a “member” of the LLC formed hereby as that term is defined in RCW 25.15.005 (8) and as that term is used in RCW 25.15.115, as amended. Each County Authority of the BH-ASO must be a public agency as provided for in RCW 39.34.030(3)(b).

1.9 “**County Authority’s Interest**” means all of a County Authority’s share in the BH-ASO’s assets pursuant to this Agreement and the LLC Act and includes a County Authority’s rights to participate in the management and affairs of the BH-ASO, including the right to vote on, consent to or otherwise participate in any decision of the County Authorities.

1.10 “**Health Care Authority (HCA)**” means the Washington State Health Care Authority, any division, section, office, unit or other entity of HCA or any of the officers or other officials lawfully representing HCA.

1.11 “**LLC**” means limited liability company.

1.12 “**LLC Act**” means the Washington Limited Liability Act, chapter 25.15 RCW as amended.

1.13 “**Majority Interest**” means, at any time, more than fifty percent (50%) of the total Units held by the County Authorities.

1.14 “**Managed Care Organization (MCO)**” means an organization having a certificate of authority or certificate of registration from the Washington State Office of Insurance Commissioner that contracts with HCA under a comprehensive risk contract to provide prepaid health care services to eligible HCA consumers under HCA managed care programs.

1.15 “**Board of Directors (BOD)**” means the governing body of the BH-ASO as further specified in Article 5 of the Agreement. On behalf of the County Authorities, the Board of Directors shall govern the BH-ASO. The Board of Directors shall be comprised of individual representatives from the following County Authorities with each County Authority having the number of representatives noted:

<u>County</u>	<u>Representatives</u>
Island	One
San Juan	One
Skagit	One
Snohomish	Four
Whatcom	Two

1.16 “**Percentage Interest**” means with respect to any County Authority, the percentage determined based upon the ratio that the number of Units held by such County Authority bears to the total number of Units.

1.17 “**Regulations**” includes proposed, temporary and final Treasury regulations promulgated under the Code and the corresponding sections of any regulations subsequently issued that amend or supersede such regulations.

1.18 “**Reserves**” means, with respect to any fiscal period, funds set aside or amounts allocated during such period to reserves which shall be maintained in amounts deemed sufficient by the Board of Directors for working capital and to pay obligations, expenses and other costs or expenses incident to the ownership or operation of the services provided by the BH-ASO and the BH-ASO’s business.

1.19 “**Revised Code of Washington (RCW)**” means the statutory laws of the state of Washington.

1.20 “**Substance Abuse and Mental Health Services Administration (SAMHSA)**” means the agency within the U.S. Department of Health and Human Services that leads public health efforts to advance the behavioral health of the nation. SAMHSA’s mission is to reduce the impact of substance abuse and mental illness on America’s communities.

1.21 “**Tribal Authority**” means the federally recognized Indian tribes and the major Indian organizations recognized by the Secretary of the Washington Department of Social and Health Services (“DSHS”) that fall within the boundaries of the County Authorities insofar as those tribal organizations do not have a financial relationship with the BH-ASO that would present a conflict of interest.

1.22 “**Tribal Member**” means a Tribal Authority that executes an agreement to become a Tribal Member as set forth in Article 4 of this Agreement.

1.23 “**Units**” means the Units issued to any County Authority under this Agreement as reflected in attached **Exhibit A**, as amended from time to time, subject to the provisions of Article 10 and Section 12.3 of this Agreement.

ARTICLE 2 -- FORMATION OF BH-ASO AS AN LLC

2.1 Formation. The BH-ASO as an LLC was formed on February 4, 2016, when the LLC Certificate of Formation was executed and filed with the office of the State of Washington Secretary of State in accordance with and pursuant to the LLC Act. The County Authorities shall promptly execute all amendments to the Certificate of Formation and all other documents needed to enable the County Authorities or Board of Directors, or their respective agents, to accomplish all filing, recording, and other acts necessary and appropriate to comply with all requirements for the formation and operation of the BH-ASO as an LLC under the LLC Act.

2.2 Name. The name of the BH-ASO is North Sound Behavioral Health – Administrative Services Organization, LLC.

2.3 Principal Place of Business. The principal place of business of the BH-ASO shall be 301 Valley Mall Way, Suite 110, Mount Vernon, WA 98273. The BH-ASO may locate its places of business at any other place or places as the Board of Directors may from time to time deem advisable.

2.4 Registered Office and Registered Agent. The BH-ASO’s registered agent and the address of its registered office in the State of Washington are as follows:

<u>Name</u>	<u>Address</u>
Salish Corporate Services LLC	1601 F Street, Bellingham, WA 98225
Attn: Bradford E. Furlong	

The registered office and registered agent may be changed by the County Authorities from time to time by filing the required documentation with the Washington Secretary of State.

2.5 Term. The term of the BH-ASO shall be perpetual unless the BH-ASO is dissolved in accordance with either Article 11 of this Agreement or the LLC Act.

ARTICLE 3 – AUTHORITY, BUSINESS AND PURPOSE OF BH-ASO

3.1 Authority. As provided for in RCW 71.24.015, it is the policy of the State of Washington to encourage the development of regional mental health services and the availability of treatment components. To this end, RCW 71.24.015 provides for counties to enter into joint operating agreements with one another to form regional systems of care, integrating planning, administration and service delivery duties under chapters 71.05 and 71.24 RCW in order to consolidate administration and reduce administrative layering and costs. This Restated Agreement is a joint operating agreement among the County Authorities to initially operate both as a regional support network and as a regional Behavioral Health – Administrative Services Organization under the requirements established by the Washington State Health Care Authority. Pursuant to Laws of 2014, chapter 225 (“Community Mental Health Services Act”), effective April 1, 2016, the BHO, and through the BO, the County Authorities jointly, undertook the responsibilities of a behavioral health organization and a behavioral health administrative services organization and thereafter exclusively to operate as a regional Behavioral Health – Administrative Services Organization except to the extent necessary to wind up its affairs as a BHO. The LLC shall commence operations exclusively as a Behavioral Health – Administrative Services Organization effective upon approval by the Board of Directors and in compliance with the requirements of Washington law described herein and as they may hereafter be amended to provide direction for the provision of behavioral health services and treatment components.

Having operated under approval of the Secretary of DSHS to contract for the provision of behavioral health services, regional Behavioral Health – Administrative Services Organizations will operate upon approval by the HCA and undertake to contract for the provision of mental health or substance use disorder services, and administrative services within the boundaries of the County Authorities, and to take such other and further actions as are required and/or authorized by Washington law. The mutual goal of the County Authorities, in entering into this Restated Agreement, is to work together to provide mental health and behavioral health services to the citizens of each of the County Authorities in an efficient and stream-lined manner, and to work cooperatively with all five MCO’s.

The Interlocal Corporation Act, specifically RCW 39.34.030, provides, in part, that any two or more public agencies may enter into agreements with one another for joint cooperative action. RCW 39.34.030(3)(b) specifically provides: 1) the County Authorities may form a limited liability company under which each County Authority is a public agency, as provided for in Section 1.9, and 2) the BH-ASO’s funds are subject to audit, as provided for in Section 9.4 of this Agreement. The County Authorities have exercised the authority granted to them under the Community Mental Health Services Act, the LLC Act, and the Interlocal Cooperation Act to form this BH-ASO as an LLC to achieve maximum efficiency in the delivery of mental health and behavioral health services and so that their rights and liabilities as to each other and third parties are firmly established and clearly understood.

As of April 1, 2016 this Agreement served as a joint operating agreement, as provided for in RCW 71.24.100 and 71.24.110, for a behavioral health organization as a joint operating

agreement, as provided for in 71.24.100, 71.24.110, for the purpose of winding down the services provided by the LLC acting solely as a BHO as required by DSHS, HCA, and other state agencies.

As of January 1, 2019 or other date established by HCA and upon approval of the Board of Directors, this Agreement shall serve as a joint operating agreement, as provided for in 71.24.850, 71.24.880 and other regulations as may be established by the HCA from time to time for the purpose of accomplishing the directive of the legislature to provide integrated managed care, with:

- (a) Each County Authority bearing a share of the cost of behavioral health services;
- (b) The Treasurer of Skagit County serving as the custodian of funds made available for the purposes of such behavioral health and behavioral health administrative services and that the treasurer may make payments from such funds to the extent there are funds available from the BH – ASO fund account (currently identified in Skagit County's financial management system as RSN-1011110) upon appropriate authorization by the BH-ASO and upon audit by the appropriate auditing officer of Skagit County;
- (c) The Auditor of Skagit County serving as the auditing officer of the BH-ASO's funds and accounts; and
- (d) The joint supervision and operation of services and facilities.

The foregoing notwithstanding, the Board of Directors, as defined in Section 1.12 of this Agreement and described in Section 5.1 of this Agreement, may by majority vote change the Treasurer and Auditor designation to another Treasurer and Auditor in the same county as any one of the County Authorities.

3.2. Business and Purpose. The business and the purpose of the BH-ASO shall be:

3.2.1 To be recognized and operate as a regional support network to provide regional systems of care for mental health services as provided for in RCW 71.24.100 from the date of formation until April 1, 2016;

3.2.2 To be recognized and operate as a behavioral health organization to provide behavioral health services as provided for in RCW 71.24.016 as of April 1, 2016;

3.2.3. To be recognized and operate as a behavioral health administrative services organization as provided for in RCW 71.24.880 as of January 1, 2019, or such other date established by HCA and approved by the Board of Directors;

3.2.4 To carry out any lawful, services, business or activity that may be conducted by a BH-ASO or LLC as determined by the County Authorities acting through the Board of Directors; and

3.2.5 To exercise all other powers necessary to or reasonably connected with the BH-ASO's business and services it provides that may be legally exercised by limited liability companies under the LLC Act.

ARTICLE 4 – NAMES, ADDRESSES AND STATUS OF COUNTY AUTHORITIES

The names and addresses of the County Authorities are set forth in the attached **Exhibit A**, as amended from time to time. Each of the five Counties identified in Section 1.7 of this Agreement, once each executes this Agreement, shall be a County Authority of the BH-ASO. A Tribal Authority may become a Tribal Member by executing an agreement in form approved by the Board of Directors. A Tribal Member may appoint one (1) non-voting, *ex officio* representative to the Board of Directors.

ARTICLE 5 -- MANAGEMENT

5.1 Management. The services, business and affairs of the BH-ASO shall be managed by the County Authorities acting through the County Authorities Board of Directors ("Board of Directors"). The Board of Directors in turn shall work with and delegate to the NS BH-ASO Administrator the administration, services, business and affairs of the BH-ASO, as provided for in Section 5.3.5 of this Agreement. Each County Authority shall select, and provide written notice of the appointment of their representative, and their representative's delegates, together with their name and contact information, by January 1, 2016, and by January 31st of each year thereafter; provided, that a County Authority may provide notice of changes or additions to its appointment of its representative(s) prior to an Board of Directors meeting. Each representative serving on the Board of Directors shall devote to the BH-ASO and apply to the accomplishment of the BH-ASO's purposes so much of his or her time and attention as is reasonably necessary to manage the services and business of the BH-ASO. Each Board of Directors representative shall serve at the pleasure of the County Authority that appointed him or her and may be removed or replaced at any time by such County Authority upon written notice to the other County Authorities and the NS BH-ASO Administrator. The County Authorities recognize that from time to time Board of Directors representatives may not be able to attend Board of Directors meetings. Each County Authority, in addition to appointing Board of Directors representatives may also appoint delegates that may attend Board of Directors meetings on behalf of the County Authority and in lieu of the Board of Directors representative, provided the other County Authorities and the NS BH-ASO Administrator are given written notice of the appointment of the delegate together with the delegate's name and contact information, in advance of the meeting. For those County Authorities that have County Administrators, the written notice must come from the County Executive or his or her designee, and for those County Authorities that are governed by a County Council or Board of County Commissioners, by the Secretary or Clerk of the County Council or Board of County Commissioners.

Each County Authority shall provide to the other County Authorities and the NS BH-ASO Administrator written notice of the following, together with contact information, including email

addresses: 1) Board of Directors representatives and delegates; 2) Advisory Board representatives; and 3) a notice agent designated to receive notice on behalf of the County Authority as provided for in Section 12.1 of this Agreement.

Except as otherwise expressly provided in this Agreement, the Board of Directors shall have full, complete and exclusive authority, power and discretion to manage and control the services provided by the BH-ASO and the services, business, affairs and property of the BH-ASO, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the BH-ASO's services and business. Only representatives of the County Authorities, or their approved delegates as provided for in the preceding paragraph, shall have any voting rights on the Board of Directors.

5.2 Decision-Making. The BH-ASO shall make decisions, take actions and incur obligations as determined by the County Authorities acting through the Board of Directors. The Board of Directors shall take action, expend sums and enter into obligations, as provided for and in the manner set forth in Article 7.

5.3 Power and Authority. Without limiting the scope and generality of the Board of Directors' actions, the Board of Directors shall have the power and authority, on behalf of the County Authorities, to undertake the following:

5.3.1 Pursuant to RCW 39.34.080, enter into contracts with the state of Washington pursuant to the provisions of chapter 71.24 RCW;

5.3.2 Enter into contracts with individuals, public and private organizations, and individual counties, including with other County Authorities to this Agreement, to carry out the purposes of the contract with DSHS or HCA and other obligations of the BH-ASO as defined in chapter 71.24 RCW, subject to available funds and to the purpose and goals of the BH-ASO;

5.3.3 Accept and expend funds from the State of Washington, the Federal government, the other County Authorities, and from other public and private sources, including gifts, for activities and purposes related to chapter 71.24 RCW;

5.3.4 Prepare and submit to HCA or DSHS appropriate plans, both in length and duration, for mental and behavioral health services and behavioral health administrative services in accordance with the provisions of Title 71 RCW and the Community Mental Health Services Act;

5.3.5. Employ or contract for staff and consultants to carry out the responsibilities of this Agreement and the statutory requirements for a regional support network until April 1, 2016, followed by a behavioral health network as of April 1, 2016, thereafter followed by a behavioral health administrative services organization as of January 1, 2019, or later at the discretion of the Board of Directors. In doing so, the Board of Directors shall hire, give authority to, evaluate, give direction to and terminate the BH-ASO's administrator and employees (collectively "NS BH-ASO Administrator") who shall administer the BH-ASO's operations, services and administration, including all hiring, development, approval and implementation of all

policies and procedures, service delivery plans and operating plans. The NS BH-ASO Administrator, and all of its employees and administrators, shall be employees of the BH-ASO and not of individual County Authorities.

The NS BH-ASO Administrator, under the direction of the Board of Directors, shall have the power and authority to:

- (i) Prepare, review, modify and present to the Board of Directors for approval the BH-ASO's annual budget;
- (ii) Execute contracts for the provision of services and operation of the BH-ASO, including leases for rental of real and personal property;
- (iii) Take necessary and appropriate steps on behalf of the Board of Directors to ensure the BH-ASO's compliance with all statutory and funding requirements; and
- (iv) Take other actions as directed by the Board of Directors or the County Authorities by their respective resolution or consent.

5.3.6 Spend the capital and revenues of the BH-ASO in the furtherance of the business of the BH-ASO and the services it provides;

5.3.7 Acquire, improve, manage, lease, operate, sell, transfer, exchange, encumber, pledge and dispose of any real or personal property of the BH-ASO;

5.3.8 Purchase such liability, casualty, property and other insurance as the Board of Directors, in its sole discretion, deems advisable to protect the BH-ASO's assets against loss or claims of any nature; *provided*, however, the Board of Directors shall not be liable to the BH-ASO, or to the County Authorities, for failure to purchase any insurance if such coverage should prove inadequate;

5.3.9 Enter into management agreements, service agreements, provider agreements, consultants and professional agreement, maintenance or other service agreements, short-term or long-term rental agreements, together with any other agreements;

5.3.10 As provided for in RCW 71.24.350, as amended, provide for and establish a separately funded mental health ombuds' office that is:

- (i) Independent of the BH-ASO; and
- (ii) That maximizes the use of consumer advocates.

5.3.11 Establish risk reserve funds as prudent and as required by its contracts. The NS BH-ASO Administrator shall provide notice to the County Authorities of any need for Capital Contributions to the BH-ASO and as required to fulfill the BH-ASO's obligations and contractual

requirements. Upon unanimous vote of the Board of Directors, each County Authority shall make Capital Contributions to the BH-ASO as requested by the NS BH-ASO Administrator and directed by the Board of Directors; *provided*, that such Capital Contributions shall be in proportion to the County Authority's share of Units. In addition, the NS BH-ASO Administrator shall establish additional risk reserves.

5.3.12 Execute instruments and documents, including without limitation, negotiable instruments, documents providing for the acquisition or disposition of the BH-ASO's property, assignments, bills of sale, leases, management agreements, agreements and any other instruments, agreements or documents necessary, in the opinion of the Board of Directors, to the business, and the services, of the BH-ASO;

5.3.13 Employ accountants, legal counsel, independent contractors, managing agents, service providers, management companies or other experts to perform services for the BH-ASO and to compensate them from BH-ASO funds;

5.3.14 Enter into any and all other agreements for any purpose, in such form as the Board of Directors may approve;

5.3.15 Undertake any and all actions and activities authorized by chapter 70.24 RCW and Title 71 RCW, now or as hereafter amended or otherwise authorized by the laws of the State of Washington; and

5.3.16 To do and perform all other acts as may be necessary or appropriate to the conduct of the BH-ASO's business and services provided.

Unless authorized to do so by this Agreement, or by the Board of Directors, no County Authority, individual representative or delegate of the Board of Directors, the Advisory Board, any individual representative of the Advisory Board, employee or other agent of the BH-ASO shall have any power or authority to bind the BH-ASO in any way, to pledge its credit or to render it liable for any purpose.

5.4 Advisory Board. In addition to the Board of Directors the BH-ASO shall have in place an advisory board of the BH-ASO ("Advisory Board") with representatives from each county. The Advisory Board representatives shall be appointed according to each County Authority's usual and customary method of appointment with terms to be determined by each County Authority, conforming with its respective County Code. Each County Authority shall endeavor to include as part of its appointment representatives from the County Authority's mental health and/or behavioral health advisory board. The Advisory Board shall review and provide comments on plans and policies developed pursuant to Title 71 RCW, provide local oversight regarding the activities of the BH-ASO, and work with the BH-ASO to address and resolve significant concerns regarding service delivery and outcomes. Two of the representatives of the Advisory Board will sit as ex-officio, non-voting representatives on the Board of Directors. The Advisory Board shall consist of the following twenty-six representatives representing and apportioned to each County Authority as follows:

County Authorities

Representatives

Island	Four
San Juan	Three
Skagit	Four
Snohomish	Nine
Whatcom	Six

In addition to the representatives noted above, each of the Tribal Authorities shall have a representative on the Advisory Board. The Board of Directors shall assure the composition of the Advisory Board is broadly representative of the demographic character of the region and shall include, but not be limited to, representatives of consumers and families, law enforcement and Tribal Authorities.

5.5 Compensation. The BH-ASO will not pay the County Authorities or the representatives of the Board of Directors or representatives of the Advisory Board any fees or other compensation for its services provided except as set forth in this Agreement.

5.6 Limitation on Liability; Indemnification. Neither the Board of Directors nor the Advisory Board, or their respective representatives, officials, County Authorities, managers, employees or agents, shall be liable, responsible or accountable in damages or otherwise to the BH-ASO or the County Authorities for any act or omission performed in good faith pursuant to the authority granted by this Agreement or in accordance with its provisions, and in a manner reasonably believed to be within the scope of the authority granted and in the best interest of the BH-ASO; provided that such act or omission did not constitute fraud, intentional misconduct, or gross negligence. The BH-ASO shall defend, indemnify and hold harmless the Board of Directors and the Advisory Board and any of their respective representatives, officials, County Authorities, managers, employees or agents thereof, against any liability, loss, damage, cost or expense incurred by them on behalf of the BH-ASO or in furtherance of the BH-ASO's interests without relieving any such person of liability for fraud, misconduct, bad faith or gross negligence. No County Authority or representative of the Board of Directors or the Advisory Board shall have any personal liability with respect to the satisfaction of any required indemnification of the above mentioned persons.

Any tender of defense by an indemnitee arising from any liability, loss, damage, cost or expense incurred that falls within the scope of matters subject to defense, indemnification and being held harmless by this Agreement, shall be promptly accepted by the BH-ASO. Any indemnification required to be made by the BH-ASO shall be made promptly following the fixing of the liability, loss, damage, cost or expense incurred or suffered by a final judgment of any court, settlement, contract or otherwise. In addition, the BH-ASO shall reimburse a person claiming indemnification under this Section 5.6 for legal expenses and other costs incurred as a result of a legal action brought against such person if: (i) the legal action relates to the performance of duties or services by the person on behalf of the BH-ASO; (ii) the legal action is initiated by a party other than a County Authority; and (iii) such person undertakes to repay the advanced funds to the BH-

ASO if it is determined that such person is not entitled to indemnification pursuant to the terms of this Agreement.

5.7 Right to Rely on the Board of Directors. Any person dealing with the BH-ASO may rely (without duty of further inquiry) upon a certificate signed by the Chairperson or Secretary of the Board of Directors as to the identity and authority of the Board of Directors to act on behalf of the BH-ASO.

ARTICLE 6 -- RIGHTS AND OBLIGATIONS OF COUNTY AUTHORITIES

6.1 Obligations of County Authorities. Each County Authority shall carry out its obligations under this Agreement including appointments of representatives to the Board of Directors and to the Advisory Board. In addition each County Authority shall: (i) designate staff and resources to plan for local behavioral health needs; (ii) monitor local contracts and, upon request, participate in monitoring BH-ASO contracts; (iii) develop local crisis response systems; (iv) provide local resource coordination; and (v) provide data and report information required under BH-ASO contracts for mental health service delivery to meet BH-ASO and state contract requirements.

6.2 Limitation of County Authorities' Liability. No County Authority or County Authority's representative, official, manager, employee or agent shall be personally liable, merely as a County Authority, for any debts, losses or liabilities of the BH-ASO beyond the County Authority's respective Capital Contributions and any obligation of the County Authority hereunder to make Capital Contributions, except as otherwise specifically provided by law. No County Authority shall have liability to the BH-ASO or its County Authorities for monetary damages for conduct merely as a County Authority, except for acts or omissions that involve intentional misconduct, fraud, gross negligence, or for any transaction for which the County Authority has personally received a benefit in money, property or services to which the County Authority was not legally entitled. If either the LLC Act or the Community Mental Health Services Act is hereafter amended to authorize Community Mental Health Services Action further eliminating or limiting the personal liability of County Authorities, then the liability of a County Authority shall be eliminated or limited to the full extent permitted by the LLC Act and the Community Mental Health Services Act, as so amended. Any repeal or modification of this Section of the LLC Act or the Community Mental Health Services Act shall not adversely affect any right or protection of a County Authority of the BH-ASO existing at the time of such repeal or modification for or with respect to an act or omission or such County Authority occurring prior to such repeal or modification.

The BH-ASO shall defend, indemnify and hold harmless the County Authorities and any of their respective representatives, officials, County Authorities, managers, employees or agents thereof, against any liability, loss, damage, cost or expense incurred by them on behalf of the BH-ASO or in furtherance of the BH-ASO's interests without relieving any such person of liability for fraud, misconduct, bad faith or gross negligence. No County Authority shall have any personal liability with respect to the satisfaction of any required indemnification of the above mentioned persons.

Any tender of defense by an indemnitee arising from any liability, loss, damage, cost or expense incurred that falls within the scope of matters subject to defense, indemnification and being held harmless by this Agreement, shall be promptly accepted by the BH-ASO. Any indemnification required to be made by the BH-ASO shall be made promptly following the fixing of the liability, loss, damage, cost or expense incurred or suffered by a final judgment of any court, settlement, contract or otherwise. In addition, the BH-ASO shall reimburse a person claiming indemnification under this Section 6.2 for legal expenses and other costs incurred as a result of a legal action brought against such person if: (i) the legal action relates to the performance of duties or services by the person on behalf of the BH-ASO; (ii) the legal action is initiated by a party other than a County Authority; and (iii) such person undertakes to repay the advanced funds to the BH-ASO if it is determined that such person is not entitled to indemnification pursuant to the terms of this Agreement.

6.3 Inspection of Records. Each County Authority shall have the right to inspect and copy at such County Authority's expense, the records required to be maintained by the BH-ASO pursuant to Section 9.7.

6.4 No Priority and Return of Capital. Except as expressly provided in Article 8 or 9, no County Authority shall have priority over any other County Authority, either as to the return of Capital Contributions or as to distributions. Any return of Capital Contributions or distributions shall be made on a pro rata basis, based on each County Authority's respective Percentage Interest.

6.5 Withdrawal of County Authority. A County Authority may voluntarily resign or otherwise withdraw as a County Authority; *provided:*

- (i) the withdrawing County Authority provides the other County Authorities and the NS BH-ASO Administrator with written notice of withdrawal at least three hundred sixty-five (365) days prior to the expiration of the BH-ASO's current fiscal year; and
- (ii) the withdrawing County Authority shall not be entitled to payment or return of Capital Contributions or other monies made to the BH-ASO or held by the BH-ASO whether prior to the date of the notice or between the date of notice and the date of withdrawal.

ARTICLE 7 -- MEETINGS OF BOARD OF DIRECTORS

7.1 Meetings. All meetings of the Board of Directors will be held in full compliance with the Washington Open Public Meetings Act, chapter 42.30 RCW. The Board of Directors shall establish a regular business meeting time in compliance with RCW 42.30.070. Special meetings of the Board of Directors, as authorized by RCW 42.30.080, may be called by (i) the presiding officer of the Board of Directors; or by (ii) a majority of the representatives of the Board of Directors.

7.2 Place of Meetings. The party or body calling the meeting as provided for in Section 7.1 may designate any place within a County Authority County as the meeting site. If no designation is made, the place of meeting shall be the principal office of the BH-ASO specified in Section 2.3 of this Agreement.

7.3 Notice of Meetings/Agendas. Written notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than five (5) nor more than thirty (30) days before the date of the meeting, either personally, by mail or by email, by or at the direction of the Board of Directors or the Board of Directors representatives calling the meeting, to each representative of the Board of Directors entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered three (3) calendar days after being deposited in the United States Mail, addressed to the party as specified herein with postage thereon prepaid. An agenda of every meeting of the Board of Directors shall be posted on the BH-ASO's web site at least twenty-four (24) hours in advance of the meeting. The notice and agenda provisions set forth in this Section are in addition to the notice and agenda provisions set forth in the Open Public Meetings Act, chapter 42.30 RCW.

7.4 Record Date. For the purpose of determining the Board of Directors representatives entitled to notice of or to vote at any meeting of the Board of Directors or any adjournment thereof, the date on which notice of the meeting is mailed or the date on which the resolution declaring such distribution is adopted, as the case may be, shall be the record date for such determination. When a determination of representatives entitled to vote at any meeting of the Board of Directors has been made as provided in this Section, such determination shall apply to any adjournment thereof.

7.5 Quorum. A quorum of the Board of Directors shall consist of five Board of Directors representatives representing at least three of the five County Authorities. In the absence of a quorum at any such meeting, the meeting may be adjourned as allowed by and pursuant to RCW 42.30.090. The Board of Directors representatives present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of that number of Units whose absence would cause less than a quorum. Any meeting may be continued as allowed by and pursuant to RCW 42.30.100.

7.6 Manner of Acting. If a quorum is present at a meeting of the Board of Directors, the affirmative vote of representatives from the Board of Directors holding more than fifty percent (50%) of the Units represented at the meeting shall be the act of the Board of Directors and of the County Authorities, unless the vote of a greater or lesser percentage is required by this Agreement or the LLC Act. Each individual representative of the Board of Directors is entitled to cast one vote per one Unit held by the respective County Authority he or she represents. It is not a requirement that representatives of each County Authority vote the Units held by their respective County Authority in the same manner.

7.7 No Proxies. At all meetings of the Board of Directors a representative may only vote in person in a session of the meeting open to the public; no proxies or secret voting shall be permitted. Notwithstanding the foregoing, as provided for in Section 5.1 of this Agreement, a

delegate appointed by a County Authority may vote in the case of absence of that County Authority's Board of Directors representative.

7.8 No Action by County Authorities Without a Meeting. No action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting.

7.9 Waiver of Notice. When any notice is required to be given to a County Authority, a waiver thereof in writing signed by the County Authority entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

7.10 Failure to Observe Formalities. Pursuant to RCW 25.15.060, notwithstanding anything herein to the contrary, this Agreement does not expressly require the County Authorities to hold any meetings and the failure to observe any formalities requiring the calling or conduct of any meeting shall not be considered a factor tending to establish personal liability of the County Authorities; provided that this provision shall not be construed to permit actions in violation of RCW Chapter 42.30.

ARTICLE 8

CONTRIBUTIONS TO THE BH-ASO AND CAPITAL ACCOUNTS

8.1 County Authorities' Initial Capital Contributions. Each County Authority's initial Capital Contribution shall consist of its respective pro rata share of the assets of North Sound Regional Support Network. All Capital Contributions, if any, shall be made prorata, based on each County Authority's respective Percentage Interest.

8.2 Additional Capital Contributions. Each County Authority shall be required to make such additional Capital Contributions as shall be determined by a unanimous vote of the full Board of Directors as necessary to meet the expenses of the BH-ASO. All such Capital Contributions, if any, shall be made prorata, based on each County Authority's respective Percentage Interest.

The Board of Directors shall give written notice to each County Authority of the amount of any required additional Capital Contribution, and each County Authority shall pay to the BH-ASO such additional Capital Contribution no later than sixty (60) days following the date such notice is given, subject to each County Authority's appropriation process and procedures. Nothing contained in this Section 8.2 is or shall be deemed to be for the benefit of any Person other than the County Authorities and the BH-ASO, and no such Person shall under any circumstances have any right to compel any actions or payments by the County Authorities.

8.3 Capital Accounts.

8.3.1 Establishment and Maintenance. A separate Capital Account will be maintained for each County Authority throughout the term of the BH-ASO. Each County Authority's Capital Account will be increased by (1) the amount of money contributed by such County Authority to the BH-ASO; and (2) the fair market value of property contributed by such

County Authority to the BH-ASO (net of liabilities secured by such contributed property that the BH-ASO is considered to assume.

8.3.2 Compliance with Regulations. The manner in which Capital Accounts are to be maintained pursuant to this Section 8.3 is intended to comply with the requirements of Code Section 704 (b) and the Regulations promulgated thereunder. If in the opinion of the BH-ASO's legal counsel or auditors the manner in which Capital Accounts are to be maintained pursuant to the preceding provisions of this Section 8.3 should be modified in order to comply with Code Section 704 (b) and the Regulations thereunder, then notwithstanding anything to the contrary contained in the preceding provisions of this Section 8.3, the method in which Capital Accounts are maintained shall be so modified; provided, however, that any change in the manner of maintaining Capital Accounts shall not materially alter the economic agreement between or among the County Authorities.

ARTICLE 9 -- ACCOUNTING, BOOKS, AND RECORDS

9.1 Accounting Methods. The BH-ASO's books and records shall be kept, and its financial statements prepared, under such permissible methods of accounting, consistently applied, as the Board of Directors determines is in the best interest of the BH-ASO and its County Authorities and in full compliance with record-keeping and accounting methods required by Washington law and/or the Washington State Auditor and in compliance with the requirements of any state or federal program providing funding or other support for the BH-ASO's programs and services, including if and to the extent necessary, to allow the organization to separately account for funds related to its services as a BHO and as a BH-ASO..

9.2 Budget. The NS BH-ASO Administrator shall prepare, and the Board of Directors shall consider and adopt, an annual budget reflecting proposed revenues and expenditures for the next fiscal year no later than December 1, of each preceding fiscal year.

9.3 Disbursements. Funds received by contract from DSHS or HCN shall be disbursed according to the budget as approved. Vouchering and reimbursement procedures shall be developed in accordance with relevant regulations and approved equitable allocation formulas.

9.4 Funds and Audit. Funds provided to the BH-ASO from all sources shall be maintained as a separate fund in the Skagit County Treasury or other County Treasury as designated by the BH-ASO's Board of Directors. Such funds shall be designated as the Operating Fund of the BH-ASO per RCW 39.34.030(4)(b) in the Skagit County Treasury or other County Treasury as determined by the Board of Directors. These monies shall be subject to the same audit and fiscal controls as other funds held by the designated County Treasury. Interest on investment of the BH-ASO's funds shall accrue to the benefit of the BH-ASO.

9.5 Interest on and Return of Capital Contributions. No County Authority shall be entitled to interest on its Capital Contribution or to return of its Capital Contribution, except as otherwise specifically provided for herein.

9.6 Accounting Period. The BH-ASO's fiscal year shall be January 1 through December 31.

9.7 Records, Audits and Reports; Public Records Requests and HIPAA. At the expense of the BH-ASO, the NS BH-ASO Administrator shall maintain records and accounts of all operations and expenditures of the BH-ASO. All records shall be maintained and be available to the public pursuant to the Washington Public Records Act, chapter 42.56 RCW, chapter 70.02 RCW, the Health Insurance Portability and Accountability Act ("HIPAA"), PL 104-191, as amended and retained pursuant to retention requirements as set forth in RCW Title 40, WAC 434 and schedules established by the Washington Secretary of State, and the U.S. Substance Abuse and Mental Health Services Administration and Department of Health and Human Services' Office of the National Coordinator for Health Information Technology (ONC) with regard to Confidentiality of Substance Use Disorder Patient Records 42 CFR Part 2, all as may be amended from time to time. At the minimum the BH-ASO shall keep at its principal place of business the following records:

- (a) A current list and past list, setting forth the full name and contact information for each County Authority and each County Authority representative serving on the Board of Directors;
- (b) A current list and past list, setting forth the full name and contact information for each representative sitting on the Advisory Board;
- (c) A copy of the Certificate of Formation and all amendments thereto;
- (d) Copies of this Agreement and all amendments hereto;
- (e) Minutes of the County Authority meeting and any written consents obtained from County Authorities for actions taken by County Authorities without a meeting;
- (f) Copies of the BH-ASO's financial statements for the seven (7) most recent years; and
- (g) Its Public Records Policy and Procedures and the name or job title and contact information of its Public Records Officer.

All records related to the BH-ASO shall be available for inspection and photocopying under the provisions of the Washington Public Records Act, chapter 42.56 RCW ("PRA"), subject to any exemptions or limitations on disclosure. At the expense of the BH-ASO, the BH-ASO shall adopt a public records policy in compliance with the PRA to respond to public records requests received by the BH-ASO.

Each County Authority shall respond to public records requests received by that County Authority. If a County Authority receives a request for a BHO or BH-ASO record that the County Authority has used, but does not possess, the County Authority shall: a) provide a copy of the request to the

BH-ASO and the other County Authorities and identify the specific record sought; and b) notify the requester that the public records request has been forwarded to the BH-ASO and the other County Authorities for the specific record. Upon receipt of a forwarded request, each County Authority and the BH-ASO, in good faith, shall promptly respond to the forwarded request as a public records request from the requester for the specific record sought, provided that the date for responding to the requestor by the BH-ASO pursuant to RCW 42.56.520, shall be based on the date the request is received by the BH-ASO.

Conversely, if the BH-ASO receives a request for a County Authority-related record that the BHO or BH-ASO has used, but does not possess, the BH-ASO shall: a) forward a copy of the request to the County Authority and, if applicable, to the other County Authorities, and identify the specific record sought; and b) notify the requester that the public records request has been forwarded to the County Authority and, if applicable, to the other County Authorities, for the specific record. Upon receipt of a forwarded request, such County Authority and the BH-ASO, in good faith, shall promptly respond to the forwarded request as a public records request from the requestor for the specific record sought; provided that the date for responding to the requestor by a County Authority pursuant to RCW 42.56.520 shall be based on the date the request is received by the County Authority.

ARTICLE 10 -- TRANSFERABILITY

10.1 General. Except as otherwise expressly provided in this Agreement, a County Authority shall not have the right to:

(a) Sell, assign, transfer, exchange or otherwise transfer for consideration, (collectively, "sell" or "sale"); or

(b) Pledge, encumber or otherwise use all or part of its County Authority's Interest in the BH-ASO as security for a loan or other obligation.

ARTICLE 11 -- DISSOLUTION AND TERMINATION

11.1 Dissolution. The BH-ASO shall be dissolved upon the unanimous vote of the County Authorities of the BH-ASO held at the time of the vote.

11.2 Winding Up, Liquidation and Distribution of Assets. Upon dissolution, or solely respect to funds, rights and obligations related to the LLC's operations as a BHO, the Board of Directors shall immediately proceed to wind up the affairs of the BH-ASO as a BHO or for the LLC, as the case may be. The Board of Directors shall sell or otherwise liquidate portions (related to operations as BHO) all of the BH-ASO's assets as promptly as practicable (except to the extent the Board of Directors may determine to distribute any assets to the County Authorities in kind) and shall apply the proceeds of such sale and the remaining BH-ASO assets in the following order of priority:

11.2.1 Payment of creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the BH-ASO;

11.2.2 To establish any reserves that the Board of Directors deems reasonably necessary for contingent or unforeseen obligations of the BH-ASO and, at the expiration of such period as the Board of Directors shall deem advisable, the balance then remaining in the manner provided in Section 11.2.3 below;

11.2.3 By the end of the fiscal year in which the liquidation occurs (or, if later, within ninety (90) days after the date of such liquidation), to the County Authorities in proportion to the positive balances of their respective Capital Accounts, as determined after taking into account all Capital Account adjustments for the taxable year during which the liquidation occurs (other than those made pursuant to this Section 11.2.3).

11.3 Termination. The Board of Directors shall comply with any applicable requirements of applicable law pertaining to the winding up of affairs of the BH-ASO and the final distribution of its assets. Upon completion of the winding up, liquidation and distribution of the assets, the BH-ASO shall be deemed terminated.

11.4 Certificate of Cancellation. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets have been distributed to the County Authorities, the Board of Directors shall file a certificate of cancellation. Upon filing the certificate of cancellation, the existence of the BH-ASO shall cease, except as otherwise provided in the LLC Act.

11.5 Return of Contribution Nonrecourse to Other County Authorities. Except as provided by law or as expressly provided in this Agreement, upon dissolution each County Authority shall look solely to the assets of the BH-ASO for the return of its Capital Contributions, if any. Return of Capital Contributions shall be made on a pro rata basis reflecting the County Authorities' Percentage Interests. If the property remaining after the payment or discharge of liabilities of the BH-ASO is insufficient to return the contributions to the County Authorities, no County Authority shall have recourse against any other County Authority, the BH-ASO or NS BH-ASO Administrator.

ARTICLE 12 -- MISCELLANEOUS PROVISIONS

12.1 Notices. Any notice, demand, or communication required or permitted under this Agreement shall be deemed to have been duly given if delivered personally to the party to whom directed or, if mailed by registered or certified mail, postage and charges prepaid, addressed: (a) if to a County Authority, to the County Authority's address specified in the attached **Exhibit A**; (b) if to the BH-ASO, to the address specified in Section 2.3 of this Agreement; and (c) if to the NS BH-ASO Administrator to the address specified in Section 2.3. Except as otherwise provided herein, any such notice shall be deemed to be given when personally delivered or, if mailed, three (3) business days after the date of mailing. A County Authority, the BH-ASO or the NS BH-ASO Administrator may change its address for the purposes of notices hereunder by giving notice to the

others specifying such changed address in the manner specified in this Section 12.1 of this Agreement. Notwithstanding the foregoing with respect to ordinary communications between the County Authorities, the Board of Directors representatives and the NS BH-ASO Administrators communication via email is permitted.

12.2 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Washington.

12.3 Amendments. This Agreement may not be amended except by the written agreement of all the County Authorities holding a County Authority's Interest in the BH-ASO.

12.4 Construction. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

12.5 Headings. The headings in this Agreement are inserted for convenience only and shall not affect the interpretations of this Agreement.

12.6 Waivers. The failure to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

12.7 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy shall not preclude or waive the right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

12.8 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

12.9 Successors and Assigns. Each of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective legal representatives, successors and assigns.

12.10 Creditors/Third Parties. None of the provisions of this Agreement shall be for the benefit of or enforceable by any of the creditors of the BH-ASO or any third parties.

12.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

12.12 Investment Representations. The Units have not been registered under the Securities Act of 1933, the Securities Act of Washington or any other state securities laws (collectively, the "Securities Acts"). Each County Authority hereby confirms the Units have been acquired for such County Authority's own account, for investment and not with a view to the resale

or distribution thereof and may not be offered or sold to anyone unless there is an effective registration or other qualification relating thereto under all applicable Securities Acts.

12.13 This Agreement supersedes and replaces the agreement titled "Interlocal Agreement Establishing a Mental Health Regional Support Network for Island, San Juan, Skagit, Snohomish and Whatcom Counties" recorded October 14, 1997 in the records of the County Auditor of San Juan County under Auditor's File Number 97101405 and serves to amend and restate the agreement titled "Joint County Authority Behavioral Health Interlocal Operating Agreement of North Sound Behavioral Health Organization, LLC, a Washington behavioral health organization and limited liability company.

12.14 In adopting this Agreement, in addition to adopting the Articles, the County Authorities hereby also adopt, and agree to, the Recitals and the facts set forth herein.

[THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY.
SIGNATURES FOLLOW.]

COUNTY AUTHORITIES:

ISLAND COUNTY

BOARD OF COUNTY COMMISSIONERS
ISLAND COUNTY, WASHINGTON


Jill Johnson, Chair


Janet St. Clair, Member

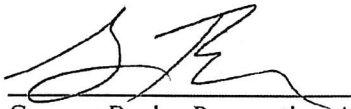

Helen Price Johnson, Member



Attest:


David Thompson
Clerk of the Board

Approved as to form:


Gregory Banks, Prosecuting Attorney

SAN JUAN COUNTY

ATTEST: Clerk of the Council

By: Ingrid Gabriel 02.19.2019
Ingrid Gabriel, Clerk Date

COUNTY COUNCIL
SAN JUAN COUNTY, WASHINGTON

Bill Watson
Bill Watson, Chair
District 1

REVIEWED BY COUNTY MANAGER

By: Michael J. Thomas 1/14/19
Michael J. Thomas Date

Jamie Stephens
Jamie Stephens, Vice-Chair
District 3

RANDALL K. GAYLORD
APPROVED AS TO FORM ONLY

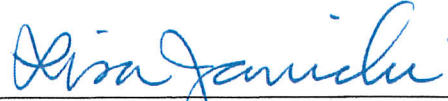
Rick Hughes 12/20/18

Rick Hughes
Rick Hughes, Member
District 2

SKAGIT COUNTY

Approved 1-22-2019

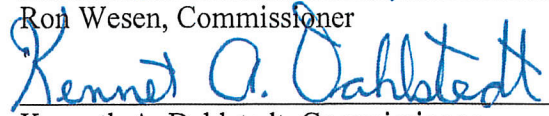
BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON



Lisa Janicki, Chair

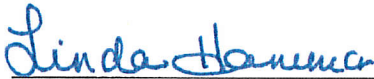


Ron Wesen, Commissioner



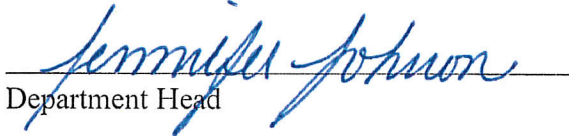
Kenneth A. Dahlstedt, Commissioner

Attest:



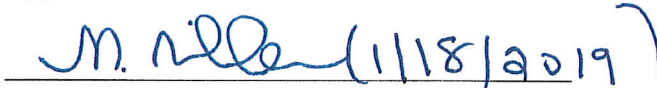
Clerk of the Board

Recommended:



Department Head

Approved as to form:



Civil Deputy Prosecuting Attorney

Approved as to indemnification:



Risk Manager

Approved as to budget:



Budget & Finance Director

SNOHOMISH COUNTY

By: [Signature]
Snohomish County Executive

3/18/19

Approved as to form:

By: _____
Deputy Prosecuting Attorney

COUNCIL USE ONLY	
Approved:	3.13.19
Docfile:	D-3

WHATCOM COUNTY

DEPARTMENT APPROVAL

Anne Deacon
Anne Deacon, Human Services Manager

12/18/18
Date

Regina Delahunt
Regina Delahunt, Director

12/18/18
Date

WHATCOM COUNTY

JACK LOUWS
County Executive

STATE OF WASHINGTON)
)
COUNTY OF WHATCOM)

On this 16th day of January, 2019, before me personally appeared Jack Louws, to me known to be the Executive of Whatcom County and who executed the above instrument and who acknowledged to me the act of signing and sealing thereof.



Suzanne M. Mildner
NOTARY PUBLIC in and for the State of Washington,
Residing at Bellingham.

My Commission expires: 12-31-22

APPROVED AS TO FORM

Royce Buckingham
Royce Buckingham, Deputy Prosecuting Attorney

12-19-18

EXHIBIT A
COUNTY AUTHORITY INFORMATION

as of January 1, 2016

<u>Names and Addresses of County Authorities</u>	<u>Units</u>	<u>Percentage Interest</u>
Island County 1 NE 7 th St #214 Coupeville, WA 98239	1	11.111111%
San Juan County 350 Court Street, #1 Friday Harbor, WA 98250	1	11.111111%
Skagit County 1800 Continental Pl #100 Mount Vernon, WA 98273	1	11.111111%
Snohomish County 3000 Rockefeller Ave., M/S 609 Everett, WA 98201	4	44.4444444%
Whatcom County 311 Grand Avenue, Suite 105 Bellingham, WA 98225	2	22.222222%