A Taxing Journey Through the IRS Private Letter Ruling Process:

An Overview of Private Letter Ruling No. 141647-15

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Outline

- History of the League’s Formation
- Overview of League’s Operations
- Why We Sought a PLR
- The PLR Process and the Final Outcome

Formation of The League of Oregon Cities

- In 1906 Oregonians adopt home rule amendment to state constitution.
- In 1925, 25 Home Rule Cities established League to defend against legislative preemption.
- Reorganized in 1983 by Agreement Under State law
  - Maintained original and historical (home rule) roots.

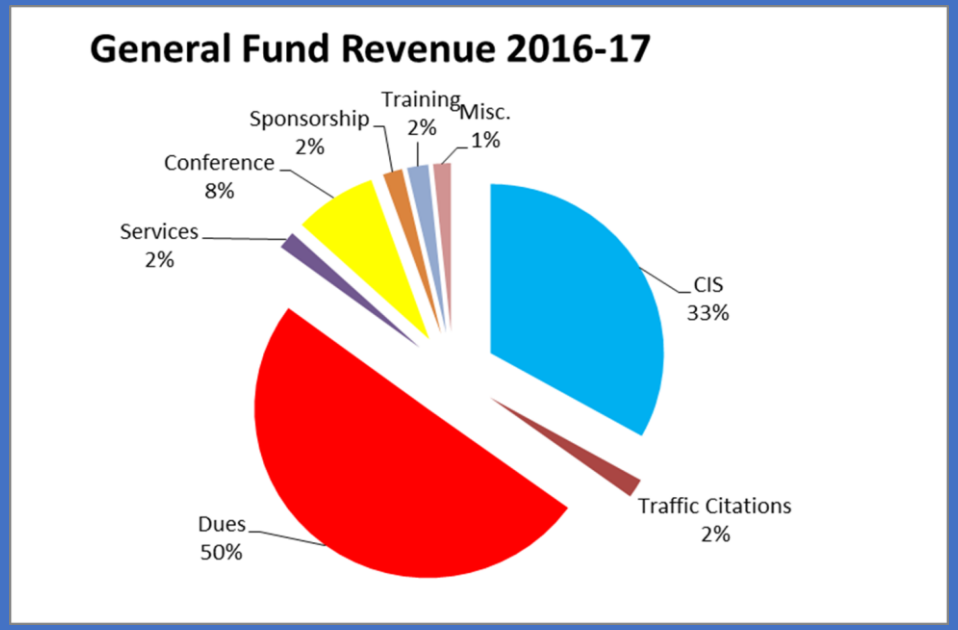
Operational Sketch

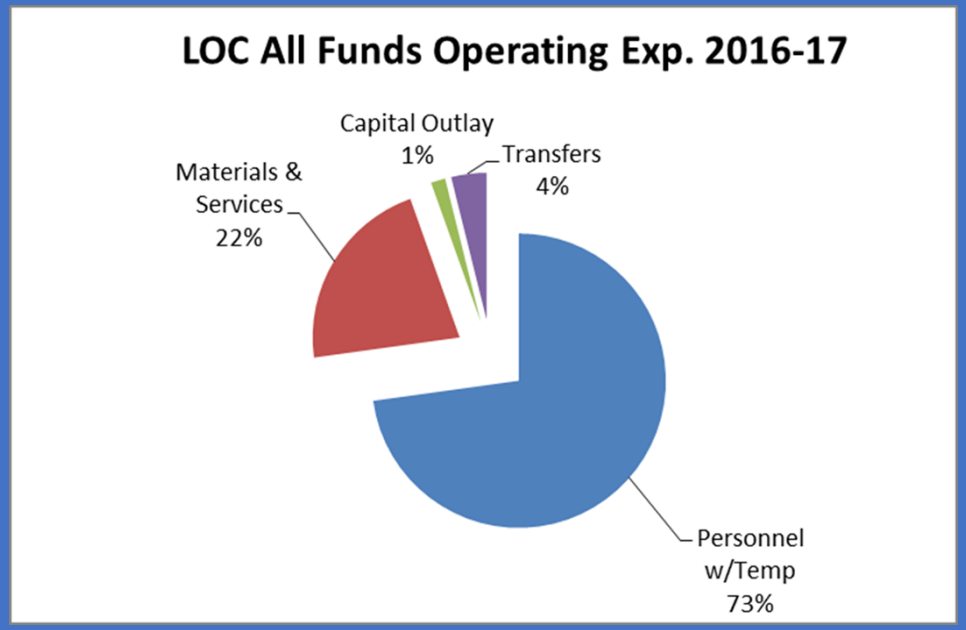
- Core Mission:
  - Legislative/Legal Advocacy
  - Education
  - Information
  - Consolidated Member Services



- Jointly Held Subsidiary Organizations
  - CityCounty Insurance Services
  - Local Government Personnel Institute

Operational Sketch





Operational Sketch



Why seek a PLR?

- League of Oregon Cities Foundation
- League Files for 501(c)(4) status
- No procedure to disavow non-profit exempt status

What is a PLR?

pri·vate let·ter rul·ing

NOUN

a response by the Internal Revenue Service to a tax issue that is not to be construed as applying to any case other than the one in question

PLR Round 1: “No-Letter” Letter Decision

- Filed in January 2015. Sought three rulings:
  - Income is excludable from gross income under section 115
  - Exempt from 990 and highly compensated employee rules/filing
  - Donations are tax deductible under Section 170 of the IRC

- Multiple conference calls / different sides of the IRS: Government Entities and Tax Exempt Organizations

- “No-Letter” Letter with refund B/C of IRS policy



PLR Round 2: Partial Decision Letter

- Refiled in December 2015.
- Notified informally of partial decision and opportunity to withdraw with refund in summer 2016.
- Bait and Switch? After filing, IRS adopted fragmentation rule – Rev Proc 2016-3 (Section 3(21))

PLR Round 2: Partial Decision Letter

- Letter issued in Fall 2015
- Donations are Tax Deductible under IRC Section 170(c)(1) because LOC meets six factor test and is an “instrumentality” of political subdivisions
- No opinion on Section 115

“. . .no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. For example, no opinion is expressed, without limitation, on the income tax treatment of any of [the League’s] revenue or whether [the League] has any unrelated business taxable income within the meaning of section 512(a)(1).”

Main Takeaways for State League Counsel

- Once you have a given status, no way to get rid of it (short of disincorporation or non-filing)
- Legal identity not the same as tax status
  - Government v.s. Non-profit
  - Income Exempt v.s. Entity Exempt 501(c)4
- Section 115 is not a status – Government Information Letter not the same as PLR.
  - To receive a determination of its status as a political subdivision, instrumentality of government, or whether its revenue is exempt under Internal Revenue Code section 115, a government entity must obtain a letter ruling by following the procedures specified in Revenue Procedure 2012-1 or its successor.
  - But, IRS will not issue a PLR for a govt entity that lacks the authority to tax, condemn, adopt ordinances if there is UBI
- "Government" is defined differently in different parts of the code
- There is a process by which 501(c) organizations can obtain exemption from annual filing (Rev Proc 95-48 / 8940)

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Index Number: 170.00-00

Mr. Michael J. McCauley
League of Oregon Cities
1201 Court Street NE #200
Salem, Oregon 97301
In Re: League of Oregon Cities

Person To Contact:
Gabriel Minc, ID No. 1001058104
Telephone Number:
(202) 317-6175
Refer Reply To:
CC:TEGE:EOEG:ET2
PLR-141647-15
Date:
June 28, 2016

Legend

Organization A	=	League of Oregon Cities
Entity V	=	Local Government Personnel Institute
Entity W	=	Citycounty Insurance Services
Entity X	=	Local Government Center Trust
Foundation Y	=	League of Oregon Cities Foundation
Association Q	=	Association of Oregon Counties
Association R	=	Oregon School Boards Association
State B	=	State of Oregon
Statute M	=	ORS 190.010
Year 1	=	1925
Year 2	=	1983
Year 3	=	2002
Year 4	=	2004
Year 5	=	2013

Dear Mr. McCauley:

This is in response to your letter of December 21, 2015 requesting a letter ruling that donations to Organization A are tax deductible under § 170 because Organization A, as a consolidated department of all incorporated cities in State B is a wholly owned instrumentality of political subdivisions of State B.

FACTS

The following facts and representations are submitted under penalties of perjury in support of your request.

Origin and Governing Documents

The facts represented provide that Organization A is a governmental entity formed in Year 1 by 25 incorporated home rule cities in State B. Organization A's initial purpose was to defend its member cities against State intrusions on their home rule authority and to advocate on behalf of those governments before the State B Legislature.

Subsequently, State B's Legislature enacted Statute M. Statute M provides that a unit of local government of State B may enter into a written agreement with any other unit or units of local government for the performance of any or all functions and activities that a party to the agreement, its officers or agencies, have authority to perform. Statute M further explicitly provides that the agreement may provide for the performance of a function or activity by, among other things, a consolidated department.

In Year 2, all incorporated cities in State B entered into an "intergovernmental agreement" pursuant to Statute M establishing Organization A as a consolidated department of all the cities participating in the agreement. The agreement further provided that Organization A would continue to have the functions and governance as set forth in Organization A's Constitution as it existed at that time.

In Year 3, the cities participating in Organization A entered into a new intergovernmental agreement (hereinafter referred to as the "Intergovernmental Agreement"). The Intergovernmental Agreement expanded the number of seats on Organization A's Board of Directors, and currently governs the purpose, function and structure of Organization A. In Year 4, the IRS ruled that Organization A is exempt from federal income tax under § 501(c)(4). Organization A's purpose and governance are further set out in Organization A's Constitution and Bylaws, which were most recently updated in Year 5.

Purpose and Function

Organization A's Constitution and Intergovernmental Agreement state that Organization A has the following purposes and functions:

- To maintain an organization to secure cooperation among the cities of the State by thorough study of local problems, and in the application of efficient methods to local government;
- To provide a means whereby officials may interchange ideas and experiences and obtain expert advice;
- To collect, compile and distribute to municipal officials information about municipal government and the administration of municipal affairs;

- To engage in the study and preparation of uniform ordinances and practices;
- To formulate and promote such legislation as will be beneficial to the cities of State B and the citizens thereof and to oppose legislation detrimental thereto, but not to expend monies in favor of or in opposition to any public measure initiated by or referred to the people, or for or against the election of any candidate for public office;
- To provide such services to cities as cities may authorize and require through Organization A, including, but not limited to, assistance in collective bargaining with employees, liability, casualty, and health insurance, and the provision of joint facilities for local governments with other governmental units acting singly or cooperatively. To that end, Organization A may create or participate in appropriate entities and trusts which are suitable and convenient for carrying out its purposes;
- To secure harmony of action among municipalities in matters that affect the rights and liabilities of cities;
- To institute or participate in litigation in the name of a member city, upon request of such city, or in its own name for the purpose of securing a determination relative to the rights and liabilities of the cities of State B under any constitutional provision, statute or ordinance; to appear as a friend of the Court in any Court proceeding wherein the rights and liabilities of cities are affected; to appoint or employ counsel for the purpose herein mentioned;
- To adopt and amend, from time to time, such rules regulations, constitution and bylaws as are not inconsistent with the Intergovernmental Agreement; and
- To do any and all things necessary or proper for the benefit of the cities of State B which the cities themselves might do singly or in cooperation with other units or agencies of government.

Among its other activities, Organization A leverages the collective power of the participating cities to obtain services at a lower cost than cities would otherwise pay, or that would be difficult for cities to obtain individually. For example, as allowed by State B's public purchasing laws, Organization A operates cooperative purchasing programs for local governments, wherein Organization A negotiates bulk fixed price agreements with providers of goods and services that Organization A's participating cities may then use to procure those goods and services.

Governance

Cities are the only parties to the Intergovernmental Agreement establishing Organization A, and cities are the only entities eligible for full Organization A membership, which grants full access to all of Organization A's programs and services and gives those cities voting rights in selecting Organization A's Board of Directors as well as approving changes to Organization A's Constitution. Under the terms of the Intergovernmental Agreement and Organization A's Bylaws, Organization A's governing body consists of voting and non-voting members. The voting members of Organization

A's Board of Directors include four Officers (President, Vice-President, Treasurer, and Immediate Past President) and 11 Directors (two of whom hold an appointed position with a member city and 9 of whom are elected city officials). Non-voting members of the Board of Directors include one individual who holds an appointed position with a member city, past presidents who hold a city elected office, and the Executive Director of Organization A. The term of office of the voting Officer members is one year, while the term of office of Directors who hold an elected office with a member city is three years, and the term of office of Directors who hold an appointed position with a member city is two years. Candidates for membership on the Board of Directors are selected by a Nominating Committee, consisting of the Immediate Past President, one other Past President, two current Board members, and one city official not currently serving on the Board, all of whom are appointed by the President. All Officers, three Directors who hold elected positions with member cities, one Director who holds an appointed position with a member city, and one non-voting Director who holds an appointed position with a member city are elected each year at Organization A's annual business meeting.

The Board of Directors has an Executive Committee, consisting of the President, Vice-President, Treasurer, Immediate Past President, and the most senior voting Director serving in a position reserved for an individual holding an appointed position with a member city. The functions of the Executive Committee include, among other things, providing direction to Organization A's staff between Board meetings. Additionally, an Executive Director of Organization A is appointed by the Board of Directors and holds office at the pleasure of the Board of Directors. The Executive Director manages Organization A's employees, and oversees the day-to-day operations of Organization A. The Executive Director is a non-voting member of the Executive Committee.

As set out in the Intergovernmental Agreement and Organization A's Constitution, Organization A's membership meets at least once annually to vote on matters of policy and governance. There are no limits on the number of delegates each member city may send to an annual meeting, and all delegates are to be heard in debate. However, each member city is entitled to one vote, which is expressed by a voting delegate (designated by each member city, often by vote of the city's governing body). At the annual meeting the voting delegates receive and approve a financial report, elect Officers and members of the Board of Directors, and if necessary adopt resolutions governing Organization A's Constitution (which requires a two-thirds majority vote of the delegates present).

Because the original primary emphasis of Organization A relates to legislative and legal advocacy, Organization A has established an extensive process that places control with the member cities in deciding Organization A's position on state and federal policy matters. Specifically, as set out in Organization A's By-laws, the biennial process begins with the establishment of policy committees that are organized by topic. The President appoints the committee members, who must be either elected or appointed city officials to be voting members. No person representing private interests may serve as a voting member on a policy committee. The policy committees meet and make

recommendations to Organization A's Board on proactive and defensive positions in the legislative process. The Board then either adopts or rejects those recommendations at a meeting held before Organization A's annual meeting. The member cities are then able to review and if desired modify the Board's adopted positions at the annual meeting.

Pursuant to the Intergovernmental Agreement, Organization A may be dissolved by a two-thirds vote of the participating cities, in which event the cities then participating shall mutually agree upon the transfer of personnel or the division of assets and liabilities between the parties.

Subsidiary and Supporting Entities

In order to provide services to cities in the area of collective bargaining with employees, liability, casualty, and health insurance, and the provision of joint facilities, Organization A has formed the following four entities to help carry out those purposes:

- Entity V: Entity V is a joint venture between Organization A and Association Q, which is an association of State B counties. Entity V was formed to provide human resources and labor relations assistance to local government entities in State B. Entity V's operating agreement provides that income or money collected by or credited to Entity V shall not accrue to the benefit of any private person, firm, or corporation, but shall accrue only to the parties to Organization A and Association Q. The operating agreement further provides that in the event Entity V is terminated, assets, as well as indebtedness or liabilities shall be split between Organization A and Association Q.
- Entity W: Entity W is an insurance trust for public entities. As allowed by State B law, Organization A and Association Q formed Entity W to provide pooled liability, casualty, and health insurance to their member cities and counties, respectively. In 1987, Entity W received a ruling from the IRS that its income is excludable from gross income under § 115.
- Entity X: Entity X is a real estate trust formed by Organization A, Association Q, and Association R (an association of State B school boards), to aid in the management of real property held by these three entities in common. The real property includes an undivided percentage ownership interest in the building that houses the primary place of business for all three entities and the real estate on which the building is located, as well as property adjacent to that building that is used for parking and being held for future building expansion. The most current Declaration of Trust of Entity X states that the executive directors of Organization A, Association Q and Association R, have full power to control any proceeds from the trust estate subject only to the restriction that no part thereof shall be used at any time for other than governmental purposes. If the trust terminates, the Declaration of Trust provides that the entire trust estate will be distributed to Organization A, Association Q, and Association R in accordance with the

beneficial ownership shares, as long as the trust is not distributed for other than governmental purposes.

- Foundation Y: Foundation Y is a separate, non-profit foundation, the purpose of which is to solicit grants and receive charitable donations for Organization A. Foundation Y has a ruling from the IRS that it is tax exempt under § 501(c)(3).

Participation Categories

In accordance with Organization A's Bylaws, Organization A maintains various participation categories:

- Full Membership: A city may become a member of Organization A by paying the membership dues for the current year and adopting the Intergovernmental Agreement. Full membership entitles a city to all services provided by Entity W and voting privileges at Organization A's annual meeting. Any member may withdraw from membership by giving six months written notice in the form of council resolution or ordinance to the Executive Director. Additionally, any member that fails to pay membership dues during the current fiscal year may be stricken from the membership roll by Organization A's Board of Directors.
- Associate Membership: Associate member status is available to a variety of enumerated "public bodies," such as a State B political subdivision, a State B municipal or public corporation, or certain intergovernmental agencies, that are not cities or counties and that, therefore, are ineligible for direct membership in Organization A or in Association Q. As provided in Organization A's Bylaws, Associate membership status is not available to private non-profit or private for-profit entities. Entities that qualify for associate membership may become associate members by paying annual dues, in an amount set by the Board of Directors of Organization A, and upon approval by Organization A's Executive Director. Associate members may participate in Entity W and risk management services, subject to adopted Entity W policies, obtain labor services from Entity V, receive Organization A publications, and attend Organization A trainings. Associate members are not entitled to voting privileges, cannot serve on Organization A committees, and are not entitled to legislative lobby or intergovernmental relations services. Organization A's Board of Directors created the Associate Membership category as part of Organization A's efforts to ensure that Entity W, an insurance trust, remained financially healthy and had adequate participation.
- Sponsorships: Upon approval of the Executive Director, a person or entity may be allowed to participate in a sponsorship role with Organization A. Sponsors may be recognized for their sponsorship and receive benefits based on the level of financial support or fees provided to Organization A. (Sponsorships are described in greater detail below.)

In addition, Organization A's Bylaws state that it may provide services to affiliate groups for reimbursement, based on available resources and approval by Organization A's

Board of Directors. For this purpose, an "affiliate organization" is one that is composed of local government officials, formally organized under a constitution or bylaws, or both, and recognized by Organization A's Board of Directors. Furthermore, Organization A's Constitution provides that other classes of, and conditions for, non-voting membership may be established by Organization A's Board of Directors, which may include separate boards or commissions of cities and other entities or groups of persons that want one or more of Organization A's services.

Revenues and Expenses

The Intergovernmental Agreement provides that no Organization A funds shall be expended except upon a vote of its Board of Directors and in furtherance of the objectives and purposes of Organization A. State B law provides that any moneys collected by an intergovernmental entity, like Organization A, shall not accrue to the benefit of private persons. The Intergovernmental Agreement further provides that incidental income from any Organization A activity shall be devoted solely to the governmental purposes of Organization A and its member cities; and that no profit from any Organization A activity shall inure to the benefit of any private person, firm, or corporation. Private businesses are not eligible to participate in the governance of Organization A or to have any material interest in or control over Organization A. Therefore, the only transactions Organization A has involving private interests are in the form of contractual relationships, either where Organization A is paying or receiving a fee for a service.

As more fully described below, Organization A's revenues are generally derived from:

- membership and other fees or assessments;
- fees for services provided to cities and affiliate groups;
- revenues derived from the insurance trust;
- real estate transactions; and
- grants and charitable donations.

Membership and Other Fees

Organization A's Constitution provides that the Board of Directors shall assess the annual membership fee for cities in an amount sufficient to finance the expenses of Organization A for the current year. Under the Intergovernmental Agreement, the amount of the annual fees or assessments must be based upon the populations of the respective cities entering into the agreement, as determined by the Board of Directors no later than January 1 of each calendar year. The Constitution further provides that the annual membership fee for other, non-voting memberships shall be as determined by the Board, and the Board may levy assessments in addition to the annual membership fee and request voluntary contributions for other services and programs authorized by the Board.

Fee-For-Service Programs

To enhance revenues that offset costs of providing programs to participating cities, Organization A established two fee for service programs (hereinafter referred to as "Program 1" and "Program 2") where Organization A provides a service to a private interest on a fee for service basis. In all instances, the fee charged to the private interest equals or exceeds Organization A's cost in providing the service. In addition, both programs enhance the purpose of Organization A in linking city officials with their public duties.

Under Program 1, private, for-profit entities pay a fee of $400, $600, or $1,000 in exchange for some combination of the following: quarter-page advertising or discounts on other advertising in Organization A's monthly publication; advance registration for the trade show at Organization A's annual conference; a discount on an exhibitor booth at Organization A's annual conference; advertising in Organization A's online Products and Services Directory; a subscription to Organization A's monthly publication and weekly bulletin (both available free of charge on Organization A's website); use of Organization A's business partner logo; access to Organization A's membership list at a lower rate than that charged to the general public; recognition in Organization A's annual conference program and on Organization A's website; and an Organization A wall calendar.

Program 2, which helps cover the cost of Organization A's annual conference (Organization A's signature annual event for local elected and appointed officials) is structured similarly to Program 1. Under Program 2, a private business pays a fee of $500, $750, $1,500, $2,500, $6,000, or $10,000 in exchange for one or more of the following: recognition as sponsor of certain events at the conference and banner placement, logo display, or some other recognition during a conference event; the opportunity to welcome and introduce a speaker; recognition of sponsorship and a full page advertisement in the annual conference program; an exhibitor booth at the trade show; admission to the conference; the opportunity for company representatives to present an informational conference session; logo featured on signs in audio-visual media at the conference; and recognition on Organization A's website and in Organization A's monthly publication.

Real Estate Transactions

As noted above with respect to the discussion of Entity X, Organization A owns an undivided 33.21 percent of the building that is Organization A's principal place of business, as well as the real estate on which the building is located. Association Q and Association R own the remaining interest in the building and the land upon which the building is located. Those organizations maintain their principal place of business in the same building as Organization A, and other governmental entities also rent space in the building. The property is managed by Entity X, which in turn is governed by a board of trustees made up of the executive directors of Organization A, Association Q and

Association R, who make decisions relating to use and management of the property and building. Organization A, Association Q and Association R jointly own property adjacent to the building, which was purchased for future building expansion. That property is currently occupied by single-family residential rental dwelling units. In accordance with the trust documents, any revenue net of expenses that is derived from those activities is used to operate the building, or distributed to Organization A, Association Q, or Association R in amounts equal to the percentage ownership of each entity.

Grants and Charitable Donations

As noted above, in Year 4, several elected officials undertook an effort to create Foundation Y, for the purpose of soliciting grants and receiving charitable donations that would be used to generate data and information for cities and to support and educate municipal government officials through Organization A trainings, conferences and workshops.

RULING REQUESTED

Based on the above facts represented, you request a ruling that Organization A, as a consolidated department of all incorporated cities in State B, is a wholly owned instrumentality of political subdivisions of State B to which donations are tax deductible under § 170.

LAW

Section 170(a)(1) provides that there shall be allowed as a deduction any charitable contribution (as defined in § 170(c)) payment of which is made within the taxable year.

Section 170(c)(1) states that, for purposes of § 170, the term "charitable contribution" means a contribution or gift to or for the use of a State, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, but only if the contribution or gift is made for exclusively public purposes.

Rev. Rul. 57-128 provides that, in cases involving the status of an organization as a wholly owned instrumentality of one or more states or political subdivisions, the following factors are taken into consideration:

(1) whether it is used for a governmental purpose and performs a governmental function;
(2) whether performance of its function is on behalf of one or more states or political subdivisions;
(3) whether there are any private interests involved, or whether the states or political subdivisions involved have the powers and interests of an owner;

(4) whether control and supervision of the organization is vested in public authority or authorities;
(5) if express or implied statutory or other authority is necessary for the creation and/or use of such an instrumentality and whether such authority exists; and
(6) the degree of financial autonomy and the source of its operating expenses.

In Rev. Rul. 75-359, 1975-2 C.B. 79, the IRS concluded that a voluntary association was separate from its member counties and qualified as a wholly-owned instrumentality of those counties, which were political subdivisions, and was formed and operated exclusively for the public purposes of the member counties. Therefore, contributions to the association were deductible as contributions "for the use of" political subdivisions subject to the limitation of § 170(b)(1)(B).

In Rev. Rul. 65-26, advice was requested regarding whether a municipal league was a wholly owned instrumentality of political subdivisions of a State for Federal employment tax purposes. In that case, the municipal league was incorporated by individuals under the State laws applicable to private, not-for-profit corporations. The purposes of the municipal corporation were the improvement of municipal government and the promotion of the general welfare of the cities and villages of the State by appropriate means, including research, fostering of conferences, and publications. The municipal league's governing body was a board of trustees, comprised of qualified officials of member cities or villages. The league's activities, in Rev. Rul. 65-26, consisted of publishing a monthly magazine featuring articles on government matters; conducting conferences, surveys and research projects on governmental subjects and publishing the results in pamphlets; and sponsoring or participating in municipal law institutes and seminars. Income of the league was derived from membership dues, sales of publications, advertising and conference receipts, and was expended in carrying out its activities.

The IRS, in Rev. Rul. 65-26, found the league did not meet all of the factors enumerated in Rev. Rul. 57-128. The IRS concluded the league had not been designated by any municipal corporation as its agent or instrumentality, as would be possible under the constitution of the State. The IRS said the activities of the league were governed by its board of trustees who, although municipal officers, were acting as individuals with no power of agency from their respective municipalities. Thus, the IRS stated control and supervision of the league were not vested in public authority. Accordingly, the IRS held the league was not a wholly owned instrumentality of political subdivisions of the State.

ANALYSIS

At issue in this case is whether Organization A is a wholly owned instrumentality of political subdivisions of State B. If Organization A is a wholly owned instrumentality of political subdivisions of State B, then pursuant to Rev. Rul. 75-359, contributions to Organization A may constitute charitable contributions (within the meaning of § 170(c)(1)) "for the use of" political subdivisions of State B, which are deductible under

§ 170(a), subject to the limitation of § 170(b)(1)(B). A determination of whether Organization A is a wholly-owned instrumentality of one or more political subdivisions of State B is made by applying the factors set forth in Rev. Rul. 57-128.

Governmental Purpose and Function

The first factor under Rev. Rul. 57-128 is whether Organization A is used for a governmental purpose and performs a governmental function. Organization A's initial purpose was to defend its member cities against State intrusions on their home rule authority and to advocate on behalf of those governments before the State B Legislature. Under Organization A's current Constitution and the Intergovernmental Agreement, Organization A analyzes a variety of municipal policy issues and legislative initiatives, and provides such services to cities as cities may authorize and require through Organization A. For example, Organization A assists cities in collective bargaining with employees, as well as with liability, casualty, and health insurance matters. Additionally, Organization A institutes or participates in litigation in the name of a member city, upon request of such city, or in its own name for the purpose of securing a determination relative to the rights and liabilities of the cities of State B under any constitutional provision, statute or ordinance. Furthermore, Organization A negotiates bulk fixed price agreements with providers of goods and services that Organization A's participating cities may then use to procure those goods and services. Moreover, Organization A produces publications, training and conferences regarding issues that are relevant to cities. Thus, Organization A satisfies this factor because its purposes and functions are governmental in nature.

Performance on Behalf of Political Subdivisions

The second factor under Rev. Rul. 57-128 is whether performance of Organization A's function is on behalf of one or more states or political subdivisions. All of the incorporated cities in State B have entered into the Intergovernmental Agreement pursuant to Statute M establishing Organization A as a consolidated department of all the cities participating in the agreement. The incorporated cities of State B are political subdivisions of the State, and Organization A's Constitution and the Intergovernmental Agreement establish that the performance of Organization A's function is on behalf of the incorporated cities and other political subdivisions of state B. Accordingly, the performance of Organization A's function is on behalf of such political subdivisions.

Powers and Interests of an Owner

The third factor under Rev. Rul. 57-128 is whether there are any private interests involved, or whether the states or political subdivisions involved have the powers and interests of an owner. Cities are the only parties to the Intergovernmental Agreement establishing Organization A, and cities are the only entities eligible for full Organization A membership, which grants full access to all of Organization A's programs and services and gives those cities voting rights in selecting Organization A's Board of

Directors as well as approving changes to Organization A's Constitution. State B law and the Intergovernmental Agreement provide that no profit from any Organization A activity shall inure to the benefit of any private person, firm, or corporation. Private businesses are not eligible to participate in the governance of Organization A or to have any material interest in or control over Organization A. Therefore, based on the foregoing, we conclude that Organization A's member cities, which are political subdivisions of State B, have the powers and interests of an owner with respect to Organization A.

Control and Supervision

The fourth factor under Rev. Rul. 57-128 is whether control and supervision of Organization A is vested in public authority or authorities. In this case, the incorporated cities of State B are the only parties to the Intergovernmental Agreement establishing Organization A, and those cities are the only entities eligible for full Organization A membership, which gives those cities voting rights in selecting Organization A's Board of Directors as well as approving changes to Organization A's Constitution. Under the terms of the Intergovernmental Agreement and Organization A's Bylaws, Organization A's governing body consists of voting and non-voting members. The voting members of Organization A's Board of Directors include four Officers (President, Vice-President, Treasurer, and Immediate Past President) and 11 Directors (two of whom hold an appointed position with a member city and 9 of whom are elected city officials). Non-voting members of the Board of Directors include one individual who holds an appointed position with a member city, past presidents who hold a city elected office, and the Executive Director of Organization A. Candidates for membership on the Board of Directors are selected by a Nominating Committee, consisting of the Immediate Past President, one other Past President, two current Board members, and one city official not currently serving on the Board, all of whom are appointed by the President. Since duly selected representatives of the incorporated State B cities govern Organization A, and only those cities are eligible to vote in selecting Organization A's Board of Directors as well as to approve changes to Organization A's Constitution, we conclude that control and supervision of Organization A is vested in public authorities.

Statutory Authority

The fifth factor under Rev. Rul. 57-128 is whether express or implied statutory or other authority is necessary for the creation and/or use of Organization A and whether such authority exists. Statute M provides that a unit of local government of State B may enter into a written agreement with any other unit or units of local government for the performance of any or all functions and activities that a party to the agreement, its officers or agencies, have authority to perform. Statute M further explicitly provides that the agreement may provide for the performance of a function or activity by, among other things, a consolidated department. All of the incorporated cities in State B entered into the Intergovernmental Agreement pursuant to Statute M establishing and continuing to maintain Organization A as a consolidated department of all the cities participating in

the agreement. Accordingly, we conclude that express or implied statutory authority or other authority is necessary for the creation and/or use of Organization A and that such authority exists.

Financial Autonomy and Source of Operating Expenses

The sixth factor under Rev. Rul. 57-128 is the degree of Organization A's financial autonomy and the source of its operating expenses. Organization A's revenues are generally derived from: membership and other fees or assessments; fees for services provided to cities and affiliate groups; revenues derived from the Entity W insurance trust; real estate transactions (including rental income); and grants and charitable donations. While some of Organization A's funds come from non-governmental sources (e.g., sponsorships, advertising, etc.),[1] most of its revenues are derived from its member cities and other governmental entities through fees or assessments, and the Entity W insurance trust. The finances of Organization A are managed by its Board of Directors in concert with the will of its member cities as expressed through the elected or appointed officials representing the member cities. Organization A satisfies the sixth factor of Rev. Rul. 57-128 because most of its revenue is derived from dues and fees paid by its member cities. Furthermore, any other income of Organization A is required by its governing documents to be devoted solely to the governmental purposes of Organization A and its member cities.

For the reasons stated above, Organization qualifies as a wholly owned instrumentality of its member cities of State B within the meaning of Rev. Rul. 57-128. Organization A's purposes and functions are governmental in nature; Organization A's function is on behalf of the incorporated cities and other political subdivisions of state B; the incorporated cities of State B, which are political subdivisions of State B, have the powers and interests of an owner; since duly selected representatives of the incorporated State B cities govern Organization A, and only those cities are eligible to vote in selecting Organization A's Board of Directors as well as to approve changes to Organization A's Constitution, control and supervision of Organization A is vested in public authorities; express statutory authority is necessary for the creation and use of Organization A and such authority exists; and Organization A's revenues are generally derived from the fees and assessments derived from its member cities. Unlike Rev. Rul. 65-26, the facts in this case indicate the activities of Organization A are governed by its Board of Directors whose members are municipal officers acting with the power of agency from their respective municipalities. Therefore, in accordance with Rev. Rul. 75-359, we conclude that contributions to Organization A may constitute charitable contributions (within the meaning of § 170(c)(1)) for the use of political subdivisions of State B, that are deductible under § 170(a), subject to the limitation of § 170(b)(1)(B).

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in

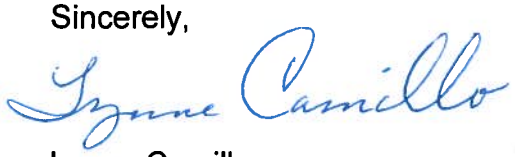
[1] We note that, subject to limited exceptions, § 511 imposes a tax on the unrelated business taxable income of organizations exempt under § 501(c). See also §1.511-1.

this letter. For example, no opinion is expressed, without limitation, on the income tax treatment of any of Organization A's revenue, or whether Organization A has any unrelated business taxable income within the meaning of § 512(a)(1).

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party, as specified in Rev. Proc. 2016-1, 2016-1 I.R.B. 1, § 7.01(15)(b). This office has not verified any of the material submitted in support of the request for ruling, and such material is subject to verification on examination. The Associate office will revoke or modify a letter ruling and apply the revocation retroactively if there has been a misstatement or omission of controlling facts; the facts at the time of the transaction are materially different from the controlling facts on which the ruling was based; or, in the case of a transaction involving a continuing action or series of actions, the controlling facts change during the course of the transaction. See Rev. Proc. 2016-1, § 11.05.

Sincerely,



Lynne Camillo
Branch Chief, Employment Tax Branch 2
(Exempt Organizations/Employment Tax/Government Entities) (Tax Exempt & Government Entities)

Vendor: Internal Revenue Service
Vendor No. IRSDC Vendor Account No:

Invoice Number	Date	Description	Invoice Amount
PLR Dec 2015	12/18/2015	User Fee - Private Letter Ruling Dec 2015	28,300.00

Check Date: 12/18/2015
Check Amount: 28,300.00

ORIGINAL DOCUMENT PRINTED ON CHEMICAL REACTIVE PAPER WITH MICROPRINTED BORDER

35426

LEAGUE OF OREGON CITIES
1201 COURT ST, N.E. SUITE 200
SALEM, OREGON 97301
503-588-6550

U.S. BANK
P.O. BOX 64
SALEM, OR 97308
24-22/1230

Date	Amount
12/18/2015	28,300.00

Pay: TWENTY-EIGHT THOUSAND THREE HUNDRED AND XX / 100

To the order of:
Internal Revenue Service
1111 Constitution Ave., NW
Washington, DC 20224

[redacted]

AUTHORIZED SIGNATURE

THIS DOCUMENT CONTAINS HEAT SENSITIVE INK. TOUCH OR PRESS HERE - RED IMAGE DISAPPEARS WITH HEAT.

[redacted]

APPENDIX C

CHECKLIST

IS YOUR LETTER RULING REQUEST COMPLETE?

INSTRUCTIONS

The Service will be able to respond more quickly to your letter ruling request if it is carefully prepared and complete. Use this checklist to ensure that your request is in order. Complete the four items of information requested before the checklist. Answer each question by circling "Yes," "No," or "N/A." When a question contains a place for a page number, insert the page number (or numbers) of the request that gives the information called for by a "Yes" answer to a question. **Sign and date the checklist (as taxpayer or authorized representative) and place it on top of your request.**

If you are an authorized representative submitting a request for a taxpayer, you must include a completed checklist with the request or the request will either be returned to you or substantive consideration of it will be deferred until a completed checklist is submitted. **If you are a taxpayer preparing your own request without professional assistance, an incomplete checklist will not cause the return of your request or defer substantive consideration of your request.** You should still complete as much of the checklist as possible and submit it with your request.

TAXPAYER'S NAME

TAXPAYER'S I.D. NO.

ATTORNEY/P.O.A.

PRIMARY CODE SECTION

CIRCLE ONE	ITEM
(Yes) No	1. Does your request involve an issue under the jurisdiction of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (International), the Associate Chief Counsel (Passthroughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), or the Associate Chief Counsel (Tax Exempt and Government Entities)? *See* section 3 of Rev. Proc. 2015–1, this revenue procedure. For issues under the jurisdiction of other offices, *see* section 4 of Rev. Proc. 2015–1. (Hereafter, all references are to Rev. Proc. 2015–1 unless otherwise noted.)
(Yes) No	2. Have you read Rev. Proc. 2015–3, 2015–1 and Rev. Proc. 2015–7, 2015–1, this bulletin, to see if part or all of the request involves a matter on which letter rulings are not issued or are ordinarily not issued?
Yes No (N/A)	3. If your request involves a matter on which letter rulings are not ordinarily issued, have you given compelling reasons to justify the issuance of a letter ruling? Before preparing your request, you may want to call the branch in the Office of Associate Chief Counsel (Corporate), the Office of Associate Chief Counsel (Financial Institutions and Products), the Office of Associate Chief Counsel (Income Tax and Accounting), the Office of Associate Chief Counsel (International), the Office of Associate Chief Counsel (Passthroughs and Special Industries), the Office of Associate Chief Counsel (Procedure and Administration), or the Office of Associate Chief Counsel (Tax Exempt and Government Entities) responsible for substantive interpretations of the principal Internal Revenue Code section on which you are seeking a letter ruling to discuss the likelihood of an exception. For matters under the jurisdiction of—

(a) the Office of Associate Chief Counsel (Corporate), the Office of Associate Chief Counsel (Financial Institutions and Products), the Office of Associate Chief Counsel (Income Tax and Accounting), the Office of Associate Chief Counsel (Passthroughs and Special Industries), or the Office of Associate Chief Counsel (Tax Exempt and Government Entities), the Office of the Associate Chief Counsel (Procedure and Administration), the appropriate branch to call may be obtained by calling (202) 317-5221 (not a toll-free call);

(b) the Office of the Associate Chief Counsel (International), the appropriate branch to call may be obtained by calling (202) 317-6888 (not a toll-free call).

Yes No N/A Page__ 4. If the request involves a retirement plan qualification matter under § 401(a), § 409, or § 4975(e)(7), have you demonstrated that the request satisfies the three criteria in section 4.02(12) of Rev. Proc. 2015–3, this Bulletin, for a ruling?

Yes No N/A Page__ 5. If the request deals with a completed transaction, have you filed the return for the year in which the transaction was completed? *See* section 5.01.

Yes No 6. Are you requesting the letter ruling on a hypothetical situation or question? *See* section 6.12.

Yes No 7. Are you requesting the letter ruling on alternative plans of a proposed transaction? *See* section 6.12.

Yes No 8. Are you requesting the letter ruling for only part of an integrated transaction?

Yes No Page__ 9. Are you requesting a letter ruling under the jurisdiction of Associate Chief Counsel (Corporate) on a significant issue (within the meaning of section 3.01(48) of Rev. Proc. 2015–3, this Bulletin) with respect to a transaction described in § 332, 351, 355, or 1036 or a reorganization within the meaning of § 368? *See* section 6.03.

Yes No 10. Are you requesting the letter ruling for a business, trade, industrial association, or similar group concerning the application of tax law to its members? *See* section 6.05.

Yes No 11. Are you requesting the letter ruling for a foreign government or its political subdivision? *See* section 6.07.

Yes No Page 1-7 12. Have you included a complete statement of all the facts relevant to the transaction? *See* section 7.01(1).

Yes No N/A 13. Have you submitted with the request true copies of all wills, deeds, and other documents relevant to the transaction, and labeled and attached them in alphabetical sequence? *See* section 7.01(2).

Yes No N/A 14. Have you submitted with the request a copy of all applicable foreign laws, and certified English translations of documents that are in a language other than English or of foreign laws in cases where English is not the official language of the foreign country involved? *See* section 7.01(2).

Yes No 15. Have you included an analysis of facts and their bearing on the issues? Have you included, rather than merely incorporated by reference, all material facts from the documents in the request? *See* section 7.01(3).

Yes No Page 14 16. Have you included the required statement regarding whether any return of the taxpayer (or any return of a related taxpayer within the meaning of § 267 or of a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504) who would be affected by the requested letter ruling or determination letter is currently or was previously under examination, before Appeals, or before a Federal court? *See* section 7.01(4).

Yes No Page 14 17. Have you included the required statement regarding whether the Service previously ruled on the same or similar issue for the taxpayer, a related taxpayer, or a predecessor? *See* section 7.01(5)(a).

Yes No Page 14 18. Have you included the required statement regarding whether the taxpayer, a related taxpayer, a predecessor, or any representatives previously submitted a request (including an application for change in method of accounting) involving the same or similar issue but withdrew the request before the letter ruling or determination letter was issued? *See* section 7.01(5)(b).

Yes No Page 14 19. Have you included the required statement regarding whether the taxpayer, a related taxpayer, or a predecessor previously submitted a request (including an application for change in method of accounting) involving the same or similar issue that is currently pending with the Service? *See* section 7.01(5)(c).

Yes No Page 14 20. Have you included the required statement regarding whether, at the same time as this request, the taxpayer or a related taxpayer is presently submitting another request (including an application for change in method of accounting) involving the same or similar issue to the Service? *See* section 7.01(5)(d).

Yes No N/A Page__ 21. If your request involves the interpretation of a substantive provision of an income or estate tax treaty, have you included the required statement regarding whether the tax authority of the treaty jurisdiction has issued a ruling on the same or similar issue for the taxpayer, a related taxpayer, or a predecessor; whether the same or similar issue is being examined, or has been settled, by the tax authority of the treaty jurisdiction or is otherwise the subject of a closing agreement in that jurisdiction; and whether the same or similar issue is being considered by the competent authority of the treaty jurisdiction? *See* section 7.01(6).

Yes No N/A Page__ 22. If your request is for recognition of Indian tribal government status or status as a political subdivision of an Indian tribal government, does your request contain a letter from the Bureau of Indian Affairs regarding the tribe's status? *See* section 7.01(7), which states that taxpayers are encouraged to submit this letter with the request and provides the address for the Bureau of Indian Affairs.

Yes No Page 8-13 23. Have you included the required statement of relevant authorities in support of your views? *See* section 7.01(8).

Yes No Page 14 24. Have you included the required statement regarding whether the law in connection with the request is uncertain and whether the issue is adequately addressed by relevant authorities? *See* section 7.01(8).

Yes No N/A Pages__ 25. Does your request discuss the implications of any legislation, tax treaties, court decisions, regulations, notices, revenue rulings, or revenue procedures that you determined to be contrary to the position advanced? *See* section 7.01(9), which states that taxpayers are encouraged to inform the Service of such authorities.

Yes No N/A Page 15 26. If you determined that there are no contrary authorities, have you included a statement to this effect in your request? *See* section 7.01(9).

Yes No N/A Page__ 27. Have you included in your request a statement identifying any pending legislation that may affect the proposed transaction? *See* section 7.01(10).

Yes No 28. Have you included the deletion statement required by § 6110 and placed it on the top of the letter ruling request as required by section 7.01(11)(b).

Yes No Page 15 29. Have you (or your authorized representative) signed and dated the request? *See* section 7.01(12).

Yes No N/A 30. If the request is signed by your representative or if your representative will appear before the Service in connection with the request, is the request accompanied by a properly prepared and signed power of attorney with the signatory's name typed or printed? *See* section 7.01(14).

Yes No Page 15 31. Have you signed, dated, and included the penalties of perjury statement in the format required by section 7.01(15)?

Yes No N/A 32. Are you submitting your request in duplicate if necessary? *See* section 7.01(16).

Yes No N/A Page__ 33. If you are requesting separate letter rulings on different issues involving one factual situation, have you included a statement to that effect in each request? *See* section 7.02(1).

Yes No N/A 34. If you want copies of the letter ruling sent to a representative, does the power of attorney contain a statement to that effect? *See* section 7.02(2).

Yes No N/A 35. If you do not want a copy of the letter ruling to be sent to any representative, does the power of attorney contain a statement to that effect? *See* section 7.02(2).

Yes No N/A 36. If you are making a two-part letter ruling request, have you included a summary statement of the facts you believe to be controlling? *See* section 7.02(3).

Yes No N/A Page__ 37. If you want your letter ruling request to be processed ahead of the regular order or by a specific date, have you requested expedited handling in the manner required by section 7.02(4) and stated a compelling need for such action in the request? *See* section 7.02(4) of this revenue procedure.

Yes No N/A Page__ 38. If you are requesting a copy of any document related to the letter ruling request to be sent by facsimile (fax) transmission, have you included a statement to that effect? *See* section 7.02(5).

Yes No N/A Page__ 39. If you want to have a conference on the issues involved in the request, have you included a request for conference in the letter ruling request? *See* section 7.02(6).

Yes No 40. Have you included the correct user fee with the request and is your check or money order in U.S. dollars and payable to the Internal Revenue Service? *See* section 15 and Appendix A to determine the correct amount.

Yes No N/A Page__ 41. If your request involves a personal, exempt organization, governmental entity, or business-related tax issue and you qualify for the reduced user fee because your gross income is less than $250,000, have you included the required certification? *See* paragraphs (A)(4)(a) and (B)(1) of Appendix A.

Yes No N/A Page__ 42. If your request involves a personal, exempt organization, governmental entity, or business-related tax issue and you qualify for the reduced user fee because your gross income is less than $1 million, have you included the required certification? *See* paragraphs (A)(4)(b) and (B)(1) of Appendix A.

Yes No N/A Page__ 43. If you qualify for the user fee for substantially identical letter rulings, have you included the required information? *See* section 15.07(2) and paragraph (A)(5)(a) of Appendix A.

Yes No N/A Page__ 44. If you qualify for the user fee for a § 301.9100 request to extend the time for filing an identical change in method of accounting on a single Form 3115, *Application for Change in Accounting Method*, have you included the required information? *See* section 15.07(4) and paragraph (A)(5)(d) of Appendix A.

Yes No N/A 45. If your request is covered by any of the checklists, guideline revenue procedures, notices, safe harbor revenue procedures, or other special requirements listed in Appendix G, have you complied with all of the requirements of the applicable revenue procedure or notice?

Rev. Proc. 2015-1 List other applicable revenue procedures or notices, including checklists, used or relied upon in the preparation of this letter ruling request (Cumulative Bulletin or Internal Revenue Bulletin citation not required).

Yes No N/A Page__ 46. If you are requesting relief under § 7805(b) (regarding retroactive effect), have you complied with all of the requirements in section 11.11?

Yes No N/A Page__ 47. If you are requesting relief under § 301.9100 for a late entity classification election, have you included a statement that complies with section 4.04 of Rev. Proc. 2009–41, 2009–39 I.R.B. 439? *See* section 5.03(5) of this revenue procedure.

Yes No N/A Page__ 48. If you are requesting relief under § 301.9100, and your request involves a year that is currently under examination or with appeals, have you included the required notification, which also provides the name and telephone number of the examining agent or appeals officer? *See* section 7.01(4) of this revenue procedure.

Yes No N/A 49. If you are requesting relief under § 301.9100, have you included the affidavit(s) and declaration(s) required by § 301-9100-3(e)? See § 5.03(1) of this revenue procedure.

Yes No N/A 50. If you are requesting relief under § 301.9100–3, and the period of limitations on assessment under § 6501(a) will expire for any year affected by the requested relief before the anticipated receipt of a letter ruling, have you secured consent under § 6501(c)(4) to extend the period of limitations on assessment for the year(s) at issue? See § 5.03(2) of this revenue procedure.

Yes No 51. Have you addressed your request to the attention of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (International), the Associate Chief Counsel (Passthroughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), or the Associate Chief Counsel (Tax Exempt and Government Entities), as appropriate? The mailing address is:

Internal Revenue Service
Attn: CC:PA:LPD:DRU
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

If a private delivery service is used, the address is:

Internal Revenue Service
Attn: CC:PA:LPD:DRU, Room 5336
1111 Constitution Ave., NW
Washington, DC 20224

The package should be marked: RULING REQUEST SUBMISSION. Improperly addressed requests may be delayed (sometimes for over a week) in reaching CC:PA:LPD:DRU for initial processing.

Signature | Title or Authority | Date

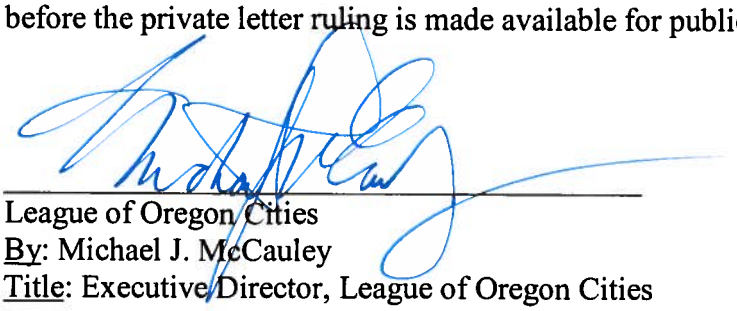
Executive Director, League of Oregon Cities | December 21, 2015

Typed or printed name of person signing checklist

Michael J. McCauley

Deletion Statement

The League of Oregon Cities requests that names, addresses, and identifying numbers be deleted before the private letter ruling is made available for public inspection.



Dated: December 21, 2015

League of Oregon Cities
By: Michael J. McCauley
Title: Executive Director, League of Oregon Cities

LEAGUE of Oregon CITIES

1201 Court Street NE, Suite 200 • Salem, Oregon 97301
(503) 588-6550 • (800) 452-0338 • Fax: (503) 399-4863
www.orcities.org

December 21, 2015

Internal Revenue Service
Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities)
Attn: CC:PA:LPD:DRU, Room 5336
1111 Constitution Ave., NW
Washington, DC 20224

Dear Sir or Madam:

The League of Oregon Cities ("League") requests the following rulings:

(1) The income of the League is excludable from gross income under section 115 of the Internal Revenue Code because the League, as a consolidated department of all 242 cities in Oregon, performs essential government functions and its income accrues to political subdivisions of the state;

(2) Under section 1.6033-2(g)(1)(v) of the Income Tax Regulations, the League is not required to file an annual information return and is not subject to reporting on highly compensated employees as otherwise required under section 1.6033-2(a)(1) of the Income Tax Regulations because the League's income is excludable from gross income under section 115 of the Internal Revenue Code; and

(3) Donations to the League are tax deductible under section 170 of the Internal Revenue Code because the League, as a consolidated department of all 242 cities in Oregon, is a political subdivision, or in the alternative a wholly owned instrumentality of political subdivisions of the State of Oregon.

A. Statement of Facts

1. Taxpayer Information

The League is a governmental entity formed by agreement pursuant to Oregon law as a consolidated department of all 242 incorporated cities in Oregon. Oregon law allows two or more government entities by agreement to jointly establish a consolidated department for the performance of any or all functions and activities that the governmental entities to the agreement have authority to perform. ORS 190.010(1) (Exhibit 19)

The League's principal office is located at 1201 Court St. NE, #200, Salem, Oregon 97301. Its telephone number is (503) 588-6550. The League's federal employer identification number is 93-6001599.

The League's annual accounting period is the fiscal year, from July 1 to June 30, and the League uses the accrual method of accounting.

2. Description of Taxpayer's Business Operations

a. Origin and Governing Documents

In 1925, 25 incorporated home rule cities in Oregon formed the League to jointly defend against state intrusions on their home rule authority and to advocate on behalf of those governments before the Oregon State Legislature. Over time, as the League's mission broadened, other cities joined the organization, and today, all 242 incorporated cities in Oregon participate in the League on a voluntary basis. The League's purpose and governance is set out in a document called a Constitution, attached as Exhibit 8 as well as in Bylaws, attached as Exhibit 5. Both the Constitution and the Bylaws were most recently updated in 2013.

In 1925, ORS Chapter 190 – the chapter that allows units of local government to create consolidated departments and intergovernmental entities – did not exist. Consequently, in 1983, every incorporated city in Oregon entered into an agreement pursuant to ORS Chapter 190 establishing the League as a consolidated department of all of the parties to that agreement and reiterating the functions and governance of the League as set forth in the Constitution at that time. *See* ORS 190.010(1) ("A unit of local government may enter into a written agreement with any other unit or units of local government for the performance of any or all functions and activities that a party to the agreement, its officers or agencies, have authority to perform. The agreement may provide for the performance of a function or activity . . . [b]y a consolidated department."). In 2002, the cities participating in the League entered into a new intergovernmental agreement that expanded the number of seats on the Board of Directors (hereinafter referred to as "the Intergovernmental Agreement"), attached as Exhibit 9 with sample enabling resolution. That Intergovernmental Agreement currently governs the purpose, functions, and structure of the League.

b. Purpose, Function, and Programs

As set out in the League's Constitution and the Intergovernmental Agreement, the League has the following purposes and functions:

- To maintain an organization to secure cooperation among the cities of the state by thorough study of local problems, and in the application of efficient methods to local government;
- To provide a means whereby officials may interchange ideas and experiences and obtain expert advice;
- To collect, compile and distribute to municipal officials information about municipal government and the administration of municipal affairs;

- To engage in the study and preparation of uniform ordinances and practices;
- To formulate and promote such legislation as will be beneficial to the cities of the state and the citizens thereof and to oppose legislation detrimental thereto, but not to expend monies in favor of or in opposition to any public measure initiated by or referred to the people, or for or against the election of any candidate for public office;
- To provide such services to cities as cities may authorize and require through the League of Oregon Cities, including but not limited to assistance in collective bargaining with employees, liability, casualty, and health insurance, and the provision of joint facilities for local governments with other governmental units acting singly or cooperatively. To that end the League may create or participate in appropriate entities and trusts which are suitable and convenient for carrying out its purposes;
- To secure harmony of action among municipalities in matters that affect the rights and liabilities of cities;
- To institute or participate in litigation in the name of a member city, upon request of such city, or in its own name for the purpose of securing a determination relative to the rights and liabilities of cities of Oregon under any constitutional provision, statute or ordinance; to appear as a friend of the Court in any Court proceeding wherein the rights and liabilities of cities are affected; to appoint or employ counsel for the purpose herein mentioned;
- To adopt and amend, from time to time, such rules, regulations, constitution and bylaws as are not inconsistent with this agreement; and
- To do any and all other things necessary or proper for the benefit of the cities of Oregon which the cities themselves might do singly or in cooperation with other units or agencies of government.

To fulfill those purposes and functions, the League studies local problems, collects and distributes information on best practices to the participating cities, prepares reports and other publications for participating city use, drafts model ordinances for the participating cities to use, and provides direct technical assistance to cities in the form of consultation and advice. The League also produces conferences and workshops that provide education and training to city elected and appointed officials and facilitates events where those officials can meet to exchange ideas and experiences.

In addition, the League maintains a robust intergovernmental relations and advocacy program that focuses on all three branches of state government. In legal proceedings, the League participates as amicus curiae in cases with statewide significance to participating cities to ensure that courts consider municipal perspectives. The League also monitors and appears before the Oregon legislature and state boards, commissions, and agencies, and advocates for the interests of participating cities to make local decisions on matters of local interest. The process by which the League determines its position on legal and legislative matters is set by the participating cities and is discussed further below in the section titled "Participation, Membership Structure, and Governance"

The League also leverages the collective power of the participating cities to obtain services at a lower cost than what cities would otherwise pay or that would be difficult for cities to obtain individually. For example, as allowed by Oregon's public purchasing laws, ORS 279A.205, the

League operates cooperative purchasing programs for local governments, wherein the League negotiates bulk fixed price agreements with providers of goods and services that the League's participating cities may then use to procure those goods and services.

c. Subsidiary and Supporting Entities

In order to provide services to cities in the area of collective bargaining with employees, liability, casualty, and health insurance, and the provision of joint facilities, the League has formed three entities to help carry out those purposes: the Local Government Personnel Institute ("LGPI"), Citycounty Insurance Services ("CIS"), and the Local Government Center Trust ("LGCT"). In addition, the League itself is supported by the League of Oregon Cities Foundation ("Foundation"). Each is discussed further below.

i. LGPI

LGPI is a joint venture between the League and the Association of Oregon Counties ("AOC")[1] that was formed to provide human resources and labor relations assistance to local government entities in Oregon. The League, AOC, and the Oregon School Boards Association ("OSBA") (which is further discussed below in relation to the LGCT) formed LGPI in 1972, and a copy of the original Joint Venture Agreement is attached as Exhibit 14. OSBA withdrew from that joint venture effective July 1, 1982. As a result, the League and AOC are currently the only parties to the joint venture.

In 2015, the League and AOC, acting through their Boards of Directors, adopted a revised operating agreement for LGPI, which is attached as Exhibit 13. That agreement currently governs operations of LGPI. Under that agreement, LGPI may serve any member of the League or AOC. That agreement also allows LGPI to provide services to other "units of government." In other words, LGPI provides services only to public entities. In addition, LGPI's operating agreement provides that "[i]ncome or moneys collected by or credited to LGPI shall not accrue to the benefit of any private person, firm, or corporation but shall accrue only to the parties to this agreement [the League and AOC]" and that "[i]n the event LGPI is terminated, assets, as well as indebtedness or liabilities shall be split between the parties [the League and AOC] to the agreement."

ii. CIS

CIS is an insurance trust for public entities. As allowed by ORS 30.282, ORS 656.407, ORS 656.430, ORS 731.098, and ORS 190.010 (Exhibits 18, 21, 22, and 23) the League and AOC formed CIS to provide pooled liability, casualty, and health insurance to their member cities and counties, respectively. To increase the depth of the insurance pool, the League and AOC

[1] AOC is a governmental entity formed in 1906 by Oregon's counties for the purpose of promoting and advocating the common interests of Oregon's county governments. *See* 31 Or Op Atty Gen 407 (1964) (concluding that AOC provides "government services" for purposes of state Public Employees' Retirement System and is within the definition of a "political subdivision" for purposes of the Federal Social Security Act) (Exhibit 1).

subsequently allowed other government entities (but only government entities) that have joined those organizations as members to participate in the insurance trust.[2] The most recent version of the CIS Trust Agreement is attached as Exhibit 7. As provided in Article 7 of the CIS Trust Agreement, only public entities are eligible to participate in CIS.[3] In 1987, CIS received a ruling that its income is excludable from gross income under Section 115 of the Internal Revenue Code. A copy of that ruling is attached as Exhibit 6.

iii. LGCT

In addition to those two entities, the League holds certain real property interests in common with AOC and OSBA.[4] Specifically, the League, AOC, and OSBA have an undivided percentage ownership interest in the building that houses the primary place of business for all three entities and the real estate on which that building is located, as well as property adjacent to that building that is used for parking and being held for future building expansion.

To aid in the management of that property and to ensure that each party's interest was adequately represented with respect to real estate management decisions, the League, AOC, and OSBA formed the LGCT, a trust to oversee the management of the property. The most current Declaration of Trust is attached as Exhibit 12. As set forth in the Declaration of Trust, the executive directors of the League, AOC, and OSBA govern the trust and can hold, manage, operate, invest, reinvest, lease, mortgage, encumber, hypothecate, sell and convey the trust estate or any proceeds from the trust estate as long as no part of the trust estate or its proceeds is used for other than government purposes. Specifically, Article VI of the Declaration of Trust provides that the executive directors of the League, AOC, and OSBA, have full power to control any proceeds from the trust estate "subject only to the restriction that no part thereof shall be used at any time for other than governmental purposes." Therefore, any income from the real estate interests held in trust may be divided among the three owners in any manner determined by the trustees, as long as that income is used only for governmental purposes.

If the trust terminates, Article VIII of the Declaration of Trust provides that the entire trust estate will be distributed to the League, AOC, and OSBA "in accordance with the beneficial ownership shares" as long as the trust estate is not "distributed for other than governmental purposes." Therefore, upon termination of the trust, the League will receive 33.21% of the value of the

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[2] In addition to the League's member cities, the League has an Associate Membership category for government entities that desire to participate in CIS or receive services from LGPI. The League's Associate Membership program is discussed in more detail later in this Private Letter Ruling Request.

[3] The statute referenced in Article 7.2 of the CIS Trust Agreement has been amended since that agreement was signed in 2008. A copy of the 2007 version of the statute that was in effect at the time the agreement was signed is attached as Exhibit 17.

[4] OSBA is an unincorporated voluntary association of school boards. *See* ORS 332.105(2) (allowing school boards to become members of an association of school boards); ORS 332.072 ("All school districts are bodies corporate, and the district school board is authorized to transact all business coming within the jurisdiction of the district and to sue and be sued."). In December 2014, OSBA sought a private letter ruling from the IRS regarding its tax status. The reference number for that filing is PLR 107359-15.

building and real estate upon which it sits, which as noted above would need to be used for governmental purposes.[5]

In summary, the building is occupied only by government entities, is used only for governmental purposes, and any income from the trust estate also is used only for governmental purposes. Because the building is government property being used for government purposes, the Oregon Department of Revenue has determined that the property is exempt from assessment and taxation. The Oregon Department of Revenue's ruling on that matter is attached as Exhibit 15.

iv. The League of Oregon Cities Foundation

In 2004, several city elected officials undertook an effort to create a separate non-profit support foundation for the League known as the League of Oregon Cities Foundation ("Foundation"). The purpose of the Foundation is to solicit grants and receive charitable donations that would be used to generate data and information for cities and to support and educate municipal government officials through League trainings, conferences, and workshops. Since its creation, the Foundation has provided scholarship funds to cities that otherwise cannot afford to send their public officials to trainings, conferences, and workshops and to conduct research on municipal government, The Foundation has a ruling from the IRS that it is tax exempt under section 501(c)(3) of the Internal Revenue Code. A copy of the Foundation's section 501(c)(3) determination letter is attached as Exhibit 10.

3. Participation, Membership, and Governance

As noted above, the League is a consolidated department of those cities that have entered into the Intergovernmental Agreement. Each city that enters into the Intergovernmental Agreement obtains the right to vote on matters of policy and governance. Only incorporated cities may be parties to the Intergovernmental Agreement, and only cities that have signed the Intergovernmental Agreement may become voting members of the League. *See also* ORS 190.010 (providing that only local government units may be party to an intergovernmental agreement). Currently, all of Oregon's 242 incorporated cities are members of the League.

As set out in the Intergovernmental Agreement and the League's Constitution, the member cities meet at least once annually to vote on matters of policy and governance. There are no limits on the number of delegates each member city may send to the annual meeting, and all delegates are to be heard in debate. However, each member city is entitled to only one vote, which is expressed by a voting delegate (designated by each member city, often by vote of the city's governing body). At the annual meeting the voting delegates receive and approve a financial report, elect Officers and members of the Board of Directors (discussed further below), and if necessary adopt resolutions governing the League's position on state and federal policy and make changes to the League's Constitution (which requires a two-thirds majority vote of the delegates present). Under the Intergovernmental Agreement, the delegates may also terminate and dissolve the League by a two-thirds vote of the participating cities.

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[5] Each entity's ownership share is based upon the original investment in the construction of the building and real estate. The League owns 33.21%, AOC owns 20.56%, and OSBA owns 46.23%.

Under the terms of the Intergovernmental Agreement, a 16 member Board of Directors is established to provide general supervision of all the affairs of the League, subject to the will of the organization as expressed through the vote of the delegates at the annual meeting. The Board of Directors is elected by the member cities at the annual conference. All board members must be either elected city officials or appointed city employees of participating cities. The Board appoints the Executive Director of the League, who serves at the pleasure of the Board, manages the League's employees, and oversees the day-to-day operations of the League. The Board is governed by Bylaws, attached as Exhibit 5, which are adopted by and subject to amendment by the Board.

The Board includes the Offices of President, Vice-President, Treasurer, and Immediate Past-President. Only currently serving elected officials from a member city may hold those Officer positions. Those positions are voted on by the participating cities at the annual meeting. Those officers, along with a position reserved for an appointed senior executive from a member city such as a city manager, city administrator, or city recorder, comprise the League's Executive Committee. The Executive Committee is responsible for providing staff direction between board meetings and other functions on behalf of the Board as the Board directs.

As indicated, only incorporated cities may be voting members of the League. In accordance with the Constitution and the Intergovernmental Agreement, other classes of membership may be established by the Board, but those classes of membership carry no voting privileges and under Oregon law are restricted to other government entities. Using that authority, the Board has established an Associate Membership category, which the Board created as part of the League's efforts to ensure that Citycounty Insurance Services, the insurance trust, remained financially healthy and had adequate participation.

As provided in Section 23 of the League's Bylaws, Associate Membership status is available to an Oregon political subdivision; an Oregon municipal or public corporation; an instrumentality of an Oregon city, political subdivision, municipal or public corporation; or certain intergovernmental agencies. Put differently, neither private non-profit nor private for profit entities may become Associate Members of the League. Associate Members, which must pay a fee for membership, are eligible to participate in CIS (the insurance trust), receive labor services from LGPI, and receive League publications and are eligible to attend League trainings. Associate Members cannot vote on League matters, serve as voting members on League committees, nor use the League's intergovernmental relations services.[6]

Because the original primary emphasis of the League relates to legislative and legal advocacy, the League has established an extensive process that places control with the member cities in deciding the Leagues' position on state and federal policy matters. Specifically, as set out in

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[6] AOC has a similar membership for non-county public entities that desire to participate in CIS, obtain the services of LGPI, and use other AOC services. Just as with LOC, AOC's non-county membership is limited to public entities. Neither private non-profit nor private for profit entities may become members of AOC. Section 6 of the AOC Constitution clearly states that no membership shall allow AOC income to accrue to the benefit of any private entity, company, organization or individual. The AOC Constitution is attached as Exhibit 2.

Section 18 of the Bylaws, the biennial process begins with the establishment of policy committees that are organized by topic. The President appoints the committee members, who must be either elected or appointed city officials to be voting members. No person representing private interests may serve as a voting member on a policy committee. The policy committees meet and make recommendations to the Board on proactive and defensive positions in the legislative process. The Board then either adopts or rejects those recommendations at a meeting before the League's annual meeting. The member cities are then able to review and if desired modify the Board adopted positions at the annual meeting.

a. Transactions Involving Private Interests

As discussed above, the League was formed to represent and promote municipal interests in the State of Oregon. Cities are the only parties to the Intergovernmental Agreement establishing the League, and cities are the only entities eligible for full League membership, which grants full access to all of the League's programs and services and gives those cities voting rights in selecting the Board of Directors as well as approving changes to the League's Constitution. Because ORS 190.080 (Exhibit 20) and the Intergovernmental Agreement establishing the League provide that no profit from any League activity shall inure to the benefit of any private person, firm, or corporation, private businesses are not eligible for League membership or other League benefits. In addition, private businesses are not eligible to participate in the governance of the League or to have any material interest in or control over the League. Therefore, the only transactions the League has involving private interests are in the form of contractual relationships, either where the League is paying or receiving a fee for a service.

In those transactions where the League is paying a fee, it is done in accordance with Oregon Public Purchasing laws and in accordance with the League's purchasing policies adopted thereunder. These contracts are for services that assist the League with its operations and in providing services to the participating cities. In those transactions, the League provides equal consideration for the goods and services received. Examples of these transactions include payment for utilities, office equipment leases, fixtures, furniture and equipment, office supplies, and professional services such as for outside legal counsel.

To enhance revenues that offset costs of providing programs to participating cities, the League has established two fee for service programs where the League provides a service to a private interest on a fee for service basis. In all instances the fee charged to the private interest equals or exceeds the League's cost in providing the service. In other words, no benefit is being given to private interests. In addition, both programs enhance the purpose of the League in linking city officials with private resources that can assist city officials with their public duties. These two programs are called the Business Partner program and the Business Sponsorship program.

Under the Business Partner program, private, for-profit entities pay a fee of $400, $600, or $1000 in exchange for some combination of the following: quarter-page advertising or discounts on other advertising in the League's monthly publication, *Local Focus*; advance registration for the trade show at the League's annual conference; a discount on an exhibitor booth at the League's

annual conference;[7] advertising in the League's online Products and Services Directory; a subscription to *Local Focus* and the weekly *LOC Bulletin* (both available free of charge on the League's website); use of the League's Business Partner logo; access to the League's membership list at a lower rate than that charged to the general public;[8] recognition in the League's annual conference program and on the League's website; and a League wall calendar. A brochure regarding the Business Partner program is attached as Exhibit 3.

The fees paid by each participant in the Business Partner program equal or exceed the cost to the League of providing those services. Consequently, there is no public subsidy to any private interest receiving services from the League. Therefore, private businesses that participate in the Business Partner program do not receive a greater benefit than that which they provide the League as a result of this program. Indeed such revenues, which were less than one percent of the League's revenues in fiscal year 2013-14, offset the costs that city members would otherwise have to cover in dues payments to the League to fund League operations.

The Business Sponsor program, which helps to cover the cost of the League's annual conference (the League's signature annual training event for local elected and appointed officials) is structured similarly to the League's Business Partner program. Under the Business Sponsor program, a private business pays a fee of $500, $750, $1,500, $2,500, $6,000, or $10,000 in exchange for one or more of the following: recognition as a sponsor of certain events at the conference and banner placement, logo display, or some other recognition during a conference event; the opportunity to welcome and introduce a speaker; recognition of sponsorship and a full page advertisement in the annual conference program; an exhibitor booth at the trade show; admission to the conference; the opportunity for company representatives to present an informational conference session; logo featured on signs and in audio-visual media at the conference; and recognition on the League's website and in *Local Focus*. The League's Business Sponsor brochure from the 2015 conference, which outlines the details of the program, is attached as Exhibit 4.

Similar to the Business Partner program, the sponsorship fee exceeds the costs to the League of the services that the businesses receive. Therefore, private businesses that participate in the Business Sponsor program do not receive a greater benefit than that which they provide the League as a result of this program. Indeed such revenues, which were approximately two percent of the League's revenues in fiscal year 2014-15, offset the costs that city members would otherwise have to cover in dues payments to the League to fund League operations.

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[7] During the League's annual conference, exhibitors have the opportunity to set up booths during the League's trade show to educate city officials about the exhibitors' products and services. The trade show is ongoing during the conference, allowing city officials to stop by booths between conference sessions if they are interested.

[8] Under Oregon's Public Records Law, the League's membership list is available to any member of the public upon request. However, the law allows public entities to charge a fee to fulfill that request. The League currently charges members of the public $40 for a CD or printed list. In recognition of the Business Partner fee that they have paid to the League, Business Partners receive the same for $20.

The private interests that participate in the Business Partner and Business Sponsor programs do not benefit in excess of the compensation they provide to the League nor do they participate in the governance of the League, which exists by and for the benefit of city government in Oregon.

b. Revenues and Expenses

As set out in the Intergovernmental Agreement and state law, the participating cities are the sole beneficiary of the League. The League's income is devoted solely to the governmental purpose of the League and its participating cities. No funds may be expended except as authorized by the Board of Directors. Likewise, the League's debts, liabilities and obligations are jointly and severally, the debts, liabilities and obligations of the cities that are parties to the Intergovernmental Agreement, and as further discussed below, the parties to that agreement are responsible for providing moneys sufficient to meet the League's operating needs.

As provided in the League's governing documents, the participating cities are required to fund the expenses incurred in the performance of the functions and activities of the League. Participating cities provide those revenues in part through annual fees or assessments based on their populations. Those fees are established by the Board of Directors no later than January 1 of any calendar year. The assessment is levied for the fiscal year beginning on July 1, in an amount sufficient to finance the expenses of the League for each year. Other sources of revenue are fees for services provided to cities and affiliate groups, Associate Membership fees, Business Partner and Sponsorship fees, and revenue derived from the insurance trust.

As prescribed by the Intergovernmental Agreement, the League devotes all revenue received from whatever source derived to the governmental purposes of the League and its participating cities. Specifically, revenues are used to pay for operations, such as personnel costs, equipment, utilities, printing and postage, and other expenses. As noted previously, state law forbids the use of League resources to accrue to the benefit of private persons. ORS 190.080(5). Annual revenue in excess of expenses is carried forward into the next fiscal year and is used to fund the League's operations.

Paragraph VI and VII of the Intergovernmental Agreement provides that if the League is dissolved (which requires a two-thirds vote of the participating cities), the cities then participating shall mutually agree upon the transfer of personnel or the division of assets and liabilities between the parties.

c. Real Estate Interests

As noted above with respect to the discussion of the LGCT, the League owns an undivided 33.21 percent of the building that is the League's principle place of business, as well as the real estate on which the building is located. AOC and OSBA own the remaining interest in the building and land upon which the building is located. Those organizations maintain their principle place of business in the same building as the League, and other governmental entities also rent space in the building. The property is managed by the LGCT, which in turn is governed by a board of trustees made up of the executive directors of the League, AOC and OSBA, who make decisions relating to use and management of the property and building. The League, AOC, and OSBA

jointly own property adjacent to the building, which was purchased for future building expansion. That property is currently occupied by single-family residential rental dwelling units. In accordance with the trust documents, any revenue net expenses that is derived from those activities is used to operate the building, or distributed to LOC, AOC, or OSBA in amounts equal to the percentage ownership of each entity.

d. Current Tax Status

As noted above, in 2004, several city elected officials undertook an effort to create the Foundation, for the purpose of soliciting grants and receiving charitable donations that would be used to generate data and information for cities and to support and educate municipal government officials through League trainings, conferences, and workshops.

When the Foundation sought tax exempt status under section 501(c)(3) of the Internal Revenue Code, the Internal Revenue Service ("Service") explained that, to obtain a ruling that the Foundation was tax exempt under section 501(c)(3), the Foundation needed to demonstrate that it supported an entity described in section 509(a)(1) or 509(a)(2) of the Code. Specifically, the Service suggested that the Foundation could obtain tax exempt status if it could demonstrate that the entity being supported (the League) was tax exempt under section 501(c)(4) of the Code. Consequently, in 2004, to assist with the Foundation's application, the League applied for and received a ruling from the Service that the League is exempt from federal income tax under section 501(c)(4) of the Internal Revenue Code.

Since 2004, the League has come to realize the tax limitations and reporting burdens associated with the 501(c)(4) status. In addition, the League believes that it always has been a governmental entity performing essential governmental functions of the cities that are parties to the Intergovernmental Agreement. Therefore, the League now seeks a private letter ruling to that effect and granting relief from the 501(c)(4) limitations and burdens in the form the rulings sought herein.

4. Facts Relating to Transaction

The League is not seeking this private letter ruling in anticipation of or in response to a specific transaction. Rather, as noted above, in 2004, the Service ruled that the League is exempt from federal income tax under section 501(c)(4) of the Internal Revenue Code. As part of the League's exemption from taxation under section 501(c)(4), the League currently files an annual information return as required by section 1.6033-2(a)(1) of the Income Tax Regulations.

However, as a consolidated department of the participating cities that exercises essential government functions, and with income that accrues to political subdivisions, the League is seeking a determination that its income is excludable from gross income under section 115 of the Internal Revenue Code and that, as a result, the League is not required to file the 501(c)(4) annual information return. *See* 26 C.F.R. § 1.6033-2(g)(1)(v).

In addition, the League receives donations, primarily in support of its educational programs. Contributions to the League as a 501(c)(4) are not tax deductible. *See* 26 U.S.C. § 170(a), (c).

However, because the League is a consolidated department of the participating cities and as such is a political subdivision of those cities, the League seeks a determination that the donations it receives are tax deductible so that it can encourage additional donations to further the League's governmental purposes. *See* 26 U.S.C. § 170(a), (c)(1).

The essential facts supporting the League's request are as follows: Oregon cities established the League as a consolidated department of the participating cities under ORS Chapter 190 through an Intergovernmental Agreement with the purpose of representing and promoting municipal interests in the State of Oregon. As a consolidated department, the League works on behalf of the participating cities to advance their interests through education, research, technical assistance, information, intergovernmental relations, and various other services described above. Those governmental functions help cities perform their duties more efficiently and effectively. The Board of Directors that oversees the operations of the League is composed of city officials and employees. Only Oregon cities are voting members of the organization, and all of the League's income is used to further its purpose of advancing the interests of the participating cities. No private entities are parties to the Intergovernmental Agreement, and the Intergovernmental Agreement provides that no profit from any League activity shall inure to the benefit of any private person, firm or corporation. If the cities terminate the Intergovernmental Agreement, the cities then participating will mutually agree on the transfer of personnel and the division of assets and liabilities between the parties to the agreement.

B. Rulings Requested

The League requests the following rulings:

(1) The income of the League is excludable from gross income under section 115 of the Internal Revenue Code because the League, as a consolidated department of all 242 cities in Oregon, performs essential government functions and its income accrues to political subdivisions of the state;

(2) Under section 1.6033-2(g)(1)(v) of the Income Tax Regulations, the League is not required to file an annual information return and is not subject to reporting on highly compensated employees as otherwise required under section 1.6033-2(a)(1) of the Income Tax Regulations because the League's income is excludable from gross income under section 115 of the Internal Revenue Code; and

(3) Donations to the League are tax deductible under section 170 of the Internal Revenue Code because the League, as a consolidated department of all 242 cities in Oregon, is a political subdivision, or in the alternative a wholly owned instrumentality of political subdivisions of the State of Oregon.

C. Statement of Law and Analysis

Ruling (1): The income of the League is excludable from gross income under section 115 of the Internal Revenue Code because the League, as a consolidated department of all 242 cities in Oregon, performs essential government functions and its income accrues to political subdivisions of the state.

Ruling (1) Statement of Law

The income of certain government entities, including states and political subdivisions of a state, or integral parts of states or political subdivisions, is generally exempt from tax. *See* Rev. Rul. 71-131, 1971-1 C.B. 28; Rev. Rul. 71-132, 1971-1 C.B. 29 (both holding that income derived from the operation of liquor stores by a state is not subject to federal income tax). In addition, even if a government entity is not a state or a political subdivision of a state, its income may be excludable from gross income under Section 115 of the Internal Revenue Code. Section 115 of the Internal Revenue Code provides that gross income does not include income derived from "the exercise of any essential governmental function and accruing to a State or any political subdivision thereof." 26 U.S.C. § 115. The Service has set out a two-part test for income from an organization to qualify for exclusion under section 115. Specifically, the organization must demonstrate that (1) it exercises an essential governmental function and (2) its income accrues to the state or a political subdivision thereof.

In Rev. Rul. 77-261, 1977-2 C.B. 45, the Service concluded that an investment fund was not a political subdivision, but that its income nonetheless was excludable from gross income because it satisfied the two-part test of section 115 of the Code. The investment fund had been established by the state for the temporary investment of cash balances of the state and its political subdivisions. The ruling first reasoned that the "investment of positive cash balances by a State or political subdivision thereof in order to receive some yield on the funds until needed to meet expenses *is a necessary incident of the power of the State or political subdivision* to collect taxes and other revenues for use in meeting governmental expenses." *Id.* (emphasis added). Accordingly, the ruling concluded that investment in an investment fund constituted "the exercise of an essential governmental function." *Id.* The ruling went on to state that the income from the fund accrued to the state and multiple political subdivisions because those entities had an unrestricted right to receive their proportionate share of the fund's income as it was earned. *Id.* In reaching the conclusion that the income from the investment fund was excludable from gross income under section 115, the ruling noted that "Congress did not desire in any way to restrict a State's participation in enterprises that might be useful in carrying out those projects desirable from the standpoint of the State government which, on a broad consideration of the question, may be the function of the sovereign to conduct." *Id.*

Ruling (1) Analysis

The League is organized as a consolidated department of the participating cities under ORS Chapter 190. The League was established by Oregon cities to perform essential government functions on their collective behalf, and the revenues, assets and liabilities of the League accrue to those local governments. Consequently, as explained more fully below, the League satisfies the two-part test in section 115 of the Internal Revenue Code.

With respect to the League's essential government functions, the League is a governmental entity that was created by Oregon cities to advance their interests. Only Oregon cities can be voting members, and the League is supported primarily by revenues from those cities, including annual fees and fees paid by cities for training, education, and other services.

The League provides technical assistance, issue-oriented research, information, and education that assists local government appointed and elected officials in governance decisions such as budgeting, daily operations, lawmaking and policy setting. The League also engages in intergovernmental relations in the form of legislative and legal advocacy on behalf of cities. The League's intergovernmental relations activities center on preserving local government autonomy and taxing authority, ensuring adequate revenues, and avoiding unfunded mandates on local governments. In addition, the League leverages the collective power of the participating cities to operate a cooperative purchasing program, and, through separate entities, represent cities in collective bargaining negotiations and personnel matters and manage a pooled insurance trust that, in turn, covers local government property, casualty, and liability losses and obtains health insurance for cities to provide employees as a benefit. Cities could perform any of those functions individually, but they can carry out those functions more effectively as a united group through the League.

The authority of the League and the services it provides are a necessary incident to the powers exercised by the local governments that established the League, including the power to obtain insurance, engage in labor negotiations, procure goods and services, and pursue and defend litigation, among other things. The League promotes and accomplishes the common purposes and interests of Oregon's cities, and, as a collective of all of Oregon's cities, the League can achieve those objectives more effectively than any individual city could. Therefore, the League performs essential government functions within the meaning of section 115 of the Code.

The income of the League accrues to political subdivisions within the meaning of section 115. All revenues, from whatever source derived, accrue to the League, and by extension to the cities participating in the League, and those revenues are used solely for expenses authorized by the Board of Directors to advance municipal government through education, intergovernmental relations, and the other services discussed herein. The Board of Directors, which is composed of city officials, is elected by the cities participating in the League. Just as the political subdivisions in Rev. Rul. 77-261 had access to the proportionate share of income from the investment fund as it was earned, cities participating in the League control the distribution of the League's income through the Board of Directors. Although cities do not directly receive income from the League as the political subdivisions did in Rev. Rul. 77-261, participating cities receive direct benefits from the expenditure of League income through the League's provision of extensive services. Moreover, if the League is dissolved, any revenues in excess of expenses will be divided among the member cities (just as any liabilities would be equally shared among the member cities).

Conversely, none of the League's income accrues to the benefit of any private individual, firm, association, or agency. The private interests that participate in the Business Partner and Business Sponsor programs do not benefit from the League's programs nor do they participate in the governance of the League, which exists by and for the benefit of city government in Oregon. As noted above, the Business Partner and Sponsorship Programs raise revenue to fund the Leagues' activities that further government interest. Specifically, the fee paid by private interests to participate in the Business Partner and Sponsorship Programs is greater than the expenses the League incurs in providing the service. Put differently, there is no public subsidy of private

interests, and the revenue in excess of expenses from those programs is used to fund the League's mission of advancing the interests of cities.

In Rev. Rul. 90-74, 1990-2 C.B. 34, the IRS concluded that income from an organization formed, operated, and funded by political subdivisions to pool their risks was excluded from gross income under Section 115 of the Internal Revenue Code as long as private interests did not participate in the organization or benefit more than incidentally from the organization. In that case, the IRS noted that pooling risks rather than purchasing commercial insurance fulfilled the obligation of political subdivisions to protect their financial integrity, and that any private benefit to employees from insuring against the various risks was incidental to the public benefit. Moreover, the income of that organization was used to reimburse casualty losses incurred by the political subdivisions or to reduce the annual fees that the members would otherwise be required to pay to the organization.

Similarly, the League as a consolidated department of the participating cities provides a number of programs and services, described in this PLR request and the League's constitution, that further the legitimate governmental functions of the participating cities, including educating their public officials, sharing resources and ideas, advocating before the courts and the legislature, providing insurance, providing labor relations assistance, and performing many other government functions. Income from the Business Partner and Business Sponsor programs support those programs and services that benefit cities, and, as in Rev. Rul. 90-74, that income reduces the annual fees and conference fees that member cities would otherwise be required to pay.

Thus, private interests do not materially participate in the League and do not benefit from the League's activities. In addition, if the League's Intergovernmental Agreement is terminated, no income will accrue to private interests at the time of termination.

Because the League performs essential governmental functions and the income of the League accrues to the League and, by extension, to participating cities that are political subdivisions of the state, the income of the League is excludable from gross income under section 115 of the Internal Revenue Code.

Ruling (2): Under section 1.6033-2(g)(1)(v) of the Income Tax Regulations, the League is not required to file an annual information return and is not subject to reporting on highly compensated employees as otherwise required under section 1.6033-2(a)(1) of the Income Tax Regulations because the League's income is excludable from gross income under section 115 of the Internal Revenue Code.

Ruling (2) Statement of Law

If an organization's income is excluded from gross income under section 115(a), the organization may not be required to file the annual information return usually required for 501(a) exempt organizations, including the report on highly compensated employees. Section 1.6033-2(g)(1)(v) of the Income Tax Regulations provides that an organization exempt from taxation under section 501(a) is not required to file an annual return if the organization is a "State institution, the

income of which is excluded from gross income under section 115(a)." 26 CFR 1.6033-2(g)(1)(v).

Ruling (2) Analysis

The Service granted the League tax exempt status under section 501(c)(4) of the Internal Revenue Code in 2004. As a 501(c)(4) entity, the League currently is required to file an annual information return. *See* 26 C.F.R. § 1.6033-2(a)(1).

However, in addition to being a 501(c)(4) entity, the League is organized as a governmental entity under the Intergovernmental Agreement entered into by Oregon cities pursuant to ORS Chapter 190. Because state law allows for organization of the League under ORS Chapter 190, and because state law recognizes the League as a government institution that performs the government functions discussed above, the League is a state institution. As noted above, as a state institution, the income of which should be excluded from gross income under section 115 of the Internal Revenue Code, the League should not be required to file any annual information return under section 1.6033-2(a) because the League meets the exception set forth in section 1.6033-2(g)(1)(v) of the Income Tax Regulations.

Ruling (3): Donations to the League are tax deductible under section 170 of the Internal Revenue Code because the League, as a consolidated department of all 242 cities in Oregon, is a political subdivision, or in the alternative a wholly owned instrumentality of political subdivisions of the State of Oregon.

Ruling (3) Statement of Law

Section 170 of the Code provides, subject to certain limitations, a personal income tax deduction for "charitable contributions" to or for the use of organizations described in section 170(c), payment of which is made within the taxable year. 26 U.S.C. § 170(a).

Section 170(c) of the Code defines the term "charitable contribution" to include contributions or gifts "to or for the use of" a state, a possession of the United States, or any political subdivision of any one of the foregoing, or the United States or the District of Columbia, but only if the contribution or gift is made exclusively for public purposes. 26 U.S.C. § 170(c)(1). A "political subdivision" is defined as "any division of any State or local governmental unit which is a municipal corporation or which has been delegated the right to exercise part of the sovereign power of the unit." 26 C.F.R. § 1.103-1(b).

A contribution to a political subdivision exclusively for public purposes is a charitable contribution "to" that entity. *See* Rev. Rul. 75-359, 1975-2 C.B. 79. A contribution "to" a political subdivision can be deducted in an amount up to 50 percent of the taxpayer's contribution base for the taxable year. *See* 26 U.S.C. § 170(b)(1)(A), (B).

Contributions to a wholly owned instrumentality of a political subdivision are considered charitable contributions "for the use of" a political subdivision. *See* Rev. Rul. 75-359, 1975-2 C.B. 79 (concluding that contributions to wholly owned instrumentality of counties, which are political subdivisions, were contributions "for the use of" political subdivisions). To determine

whether an organization is a wholly owned instrumentality of a political subdivision, the following factors are considered: (1) whether the organization is used for a governmental purpose and performs a governmental function; (2) whether performance of its function is on behalf of one or more states or political subdivisions; (3) whether there are any private interests involved, or whether the state or political subdivision involved has the powers and interests of an owner; (4) whether control and supervision of the organization is vested in public authority; (5) whether express or implied statutory or other authority is necessary for the creation and/or use of such an instrumentality and whether such authority exists; and (6) the degree of financial autonomy and the source of its operating expenses. Rev. Rul. 75-359, 1975-2 C.B. 79 (citing Rev. Rul. 57-128).

In Rev. Rul. 75-359, 1975-2 C.B. 79, the Service held that donors could deduct contributions to an instrumentality of counties as contributions "for the use of" a political subdivision of the state under section 170(c)(1) of the Code. There, the entity was a voluntary association of counties organized to promote more adequate and efficient local government, and it engaged in research, training, and legislative advocacy. Most of the entity's operating funds came from member counties, and only those counties were voting members. The Service concluded that, although the entity was not a political subdivision because it did not have any sovereign powers, it did qualify as a wholly owned instrumentality of political subdivisions.

In contrast, in Rev. Rul. 65-26, the Service held that a municipal league was not a wholly owned instrumentality of a political subdivision. There, individuals organized the entity as a nonprofit under state law. The entity was formed to promote the general welfare of cities through research, conferences, and publications, and it was governed by a board of trustees composed of officials from member cities. However, although allowed under the state constitution, no municipal corporation had designated the entity as its agent or instrumentality, and the municipal officials who participated in the organization did so as individuals, rather than as agents from their municipalities. Under those circumstances, the Service ruled that the municipal league was not a wholly owned instrumentality of a political subdivision.

Ruling (3) Analysis

1. The League is a political subdivision because it is a division of one or more municipal corporations of the state of Oregon.

A "political subdivision" is defined as "*any division of any State or local governmental unit which is a municipal corporation* or which has been delegated the right to exercise part of the sovereign power of the unit." 26 C.F.R. § 1.103-1(b) (emphasis added). As noted above, the League is a consolidated department of the participating cities to the Intergovernmental Agreement. All of the participating cities were incorporated by adopting home rule charters under Article XI § 2, of the Oregon Constitution, and therefore are local governments that are municipal corporations under Oregon law. Consequently, the League is a division of the participating local governments and is therefore a political subdivision under 26 C.F.R. § 1.103-1(b).

The Attorney General of the State of Oregon reached the same conclusion applying both state and federal law to determine that the League was a political subdivision and could participate in

the Oregon Public Employee Retirement System, which is a Federal Insurance Contributions Act (FICA) replacement plan. 31 Or. Op. Atty. Gen 407 (1964), attached as Exhibit 1. Subsequently, the League obtained from the Social Security Administration a Section 218 modification to extend Social Security to its employees. The League's 218 modification and the State of Oregon's umbrella 218 agreement under which the League falls are attached as Exhibits 16 and 11.

2. Alternatively, the League is a wholly owned instrumentality of the 242 Oregon cities that are members of the League because it satisfies all six factors set forth in Rev. Rul. 57-128.

First, as explained above, the governmental function of the League, consistent with its purpose, is to advocate on behalf of cities in the legislature and the courts and to provide cities with information, research, technical assistance, education, training, and other services described above. In addition, the League provides programs and services that leverage the collective power of Oregon's cities, such as cooperative public procurements, assistance with collective bargaining and personnel matters, and an insurance trust. Although each member city could undertake those activities independently, the League's performance of all those governmental functions helps cities perform their duties more efficiently and effectively.

Second, the League performs all of its functions on behalf of political subdivisions -- all of Oregon's 242 cities. In contrast to Rev. Rul. 65-26, where no municipal corporation had designated the municipal league as its agent or instrumentality, here Oregon cities entered into an Intergovernmental Agreement that demonstrated that the cities intended the League to be "a consolidated department of all of the Cities who are parties to th[e] agreement." The Intergovernmental Agreement designates the League as an instrumentality of the participating cities, stating that the League is "for some purposes a political subdivision of the State of Oregon, an instrumentality of the State and its Cities for better administration of public affairs, and an agency or instrumentality for performing governmental functions owned and controlled by the Cities of Oregon." Consistent with that purpose, only cities may become voting members of the League. Associate members, which do not have voting rights, nonetheless must also be political subdivisions of the state.

Third, no private interests are involved. Only the cities that participate in the League have any ownership interests in it. Only the cities that are members at the time that the Intergovernmental Agreement is terminated will share in the distribution of any remaining assets and liabilities. The Business Partner and Sponsorship programs further the League's mission of serving cities, and private interests that participate in those programs benefit only after they have paid a fee that equals or exceeds the costs of the League's services; similarly, the private interests that help deliver services to participating cities provide those services in exchange for equal consideration. Private interests do not have any material interest in or control over the League. In addition, the other entities that the League has created, such as the insurance trust and the entity to assist with collective bargaining, only provide services to government entities and do not benefit or serve private interests.

Fourth, all control and supervision of the organization is vested in public authorities. Only elected or appointed city officials can serve as members of the League's board. In contrast to the municipal league discussed in Rev. Rul. 65-26, where the municipal officials participated on the board in their individual capacity, League board members participate in their capacity as municipal officials. In fact, the League's Constitution requires that Board members be either elected or appointed city officials. Board members are elected by a vote of the participating cities at the League's annual business meeting. The Board appoints the Executive Director, who serves at the pleasure of the board and oversees the day-to-day operations of the League. In addition, as noted, only participating cities have control over the League's assets and liabilities upon termination of the organization.

Fifth, express statutory authority exists for the creation and operation of the League under Oregon law. ORS Chapter 190 permits multiple public bodies to act jointly where each could act individually by entering in to an intergovernmental agreement. *See* ORS 190.010 (providing local government the authority to enter into a written agreement with other local governments "for the performance of any or all functions and activities that a party to the agreement, its officers or agencies, have authority to perform"). As noted, Oregon cities entered into an intergovernmental agreement under ORS Chapter 190 that provides for the existence and operation of the League.

Sixth, the League has no separate financial autonomy from the cities that make up its membership. The Board of Directors, which is made up of representatives from member cities, directs and controls the League's expenses. City assessments make up a large portion of the League's operating expense revenue. Associate membership fees, services provided to cities for a fee, revenues from Citycounty Insurance Services, and revenue from the Business Partner and Sponsorship Programs make up the remainder of the League's revenue. But for that revenue, city assessments would be larger than their current amounts. The cities that are parties to the Intergovernmental Agreement are also financially responsible for the League's liabilities. Should the cities participating in the Intergovernmental Agreement decide to terminate that agreement, they will divide the assets and liabilities among themselves.

Therefore, the League is a wholly owned instrumentality of all of Oregon's 242 cities because the League satisfies each factor in Rev. Rul. 57-128. As a wholly owned instrumentality of political subdivisions, donations to the League are tax deductible as contributions "for the use of" political subdivisions under section 170 of the Internal Revenue Code.

D. Conclusion

For the reasons described above, the League requests that the Internal Revenue Service make the following rulings:

(1) The income of the League is excludable from gross income under section 115 of the Internal Revenue Code because the League, as a consolidated department of all 242 cities in Oregon, performs essential government functions and its income accrues to political subdivisions of the state.;
(2) Under section 1.6033-2(g)(1)(v) of the Income Tax Regulations, the League is not required to file an annual information return and is not subject to reporting on highly

compensated employees as otherwise required under section 1.6033-2(a)(1) of the Income Tax Regulations because the League's income is excludable from gross income under section 115 of the Internal Revenue Code; and

(3) Donations to the League are tax deductible under section 170 of the Internal Revenue Code because the League, as a consolidated department of all 242 cities in Oregon, is a political subdivision, or in the alternative a wholly owned instrumentality of political subdivisions of the State of Oregon.

E. Procedural Matters

1. Revenue Procedure 2015-1 Statements
   a. No return of the League, a related taxpayer within the meaning of § 267 or of a member of an affiliated group of which the League is also a member within the meaning of § 1504 which would be affected by the requested letter ruling, is currently under examination, before Appeals, or before a Federal court, or was previously under examination, before Appeals, or before a Federal court.
   b. On January 26, 2015, the League submitted a request for rulings under sections 115, 170, and 6033 of the Internal Revenue Code similar to the rulings requested in the current letter ruling request. On July 17, 2015, the Service issued a letter stating that it had decided not to rule on the League's requests. After subsequent discussions, the Service advised the League to resubmit its requests with certain modifications. On June 1, 1987, City/County Insurance Services Trust submitted a request for a ruling that the income of the Trust is excludable from gross income under section 115 of the Internal Revenue Code. On September 25, 1987, the Service issued a ruling concluding that the Trust's income is excludable from gross income under section 115 of the Code. Other than those rulings, the Service has not previously ruled on the same or similar issue for the League, any other related taxpayer, or a predecessor.
   c. The League and its related taxpayers, predecessors, and representatives have not previously submitted a request (including an application for change in method of accounting) involving the same or similar issues and then withdrawn the request before a letter ruling or determination was issued.
   d. The League and its related taxpayers, predecessors, and representatives have not previously submitted a request (including an application for change in method of accounting) involving the same or similar issues that is currently pending with the Service.
   e. At the same time as this request, neither the League nor any related taxpayer is presently submitting another request to the Service (including an application for change in method of accounting) involving the same or similar issue.
   f. This letter ruling request does not involve the interpretation of a substantive provision of an income or estate tax treaty.
   g. The law in connection with the request is uncertain, and application of that law to the League is not adequately addressed by relevant authorities.
   h. There are no contrary authorities.

i. The League is not requesting a conference on the issues involved in this letter ruling request.
j. The League is not requesting a copy of any document related to the letter ruling request be sent by facsimile.
k. The League is not requesting separate letter rulings on multiple issues. The League's issues may all be addressed in one ruling.
l. The League is not seeking to obtain the user fee provided in paragraph (A)(5)(a) of Appendix A for substantially identical letter rulings.

2. Administrative
   a. The deletion statement and checklist required by Rev. Proc. 2015-1 are enclosed.
   b. The required user fee of $28,300 is enclosed.
   c. A Power of Attorney is not required. The individual signing this request is the Executive Director of the League and the League Board of Directors has approved seeking this private letter ruling.

Sincerely yours,

League of Oregon Cities
By: _____
Michael J. McCauley
Executive Director
League of Oregon Cities

Date: December 21, 2015

DECLARATION

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and, to the best of my knowledge and belief, the request contains all the relevant facts relating to the request, and such facts are true, correct, and complete.

League of Oregon Cities
By: _____
Michael J. McCauley
Executive Director
League of Oregon Cities

December 21, 2015
Date

Exhibit	Document
1	31 Or Op Atty Gen 407 (1964)
2	AOC Constitution
3	Business Partner Program Brochure
4	Business Sponsor Program Brochure
5	Bylaws
6	CIS Letter Ruling
7	CIS Trust Agreement (2008)
8	Constitution
9	Intergovernmental Agreement (2002)
10	League of Oregon Cities Foundation 501(c)(3) Ruling
11	League Modification to Oregon State 218 Social Security Agreement
12	LGCT Declaration of Trust
13	LGPI Intergovernmental Agreement (2015)
14	LGPI Joint Venture Agreement (1972)
15	Oregon Department of Revenue Ruling on LGCT
16	Oregon State 218 Social Security Agreement
17	ORS 30.260 (2007)
18	ORS 30.282
19	ORS 190.010
20	ORS 190.080
21	ORS 656.407
22	ORS 656.430
23	ORS 731.098

Exhibit 1

31 Or. Op. Atty. Gen. 407 (Or.A.G.), 1964 WL 76371

Office of the Attorney General

State of Oregon
Opinion No. 5773
February 14, 1964

Agencies formed by public bodies for governmental purposes and meeting minimum employment requirements are eligible to participate in the State Public Employes' Retirement System.

Subject to federal law and regulations the League of Oregon Cities, the Association of Oregon Counties and other agencies formed by public bodies for governmental services are eligible for inclusion in the federal social security system.

***1** Mr. Max M. Manchester
Executive Secretary
Public Employes' Retirement System

You ask whether the League of Oregon Cities, the Association of Oregon Counties and other agencies formed by public bodies for governmental services are eligible to participate in the State Public Employes' Retirement System.

At the request of the League of Oregon Cities the 1963 legislature amended ORS chapter 237, relating to public employes' retirement generally to extend coverage to agencies created by two or more political subdivisions to provide its members with governmental services. ORS 237.011, as amended by chapter 608, § 12, Oregon Laws 1963, provides that no one may be a member of the system unless he is in the service of a public employer and subsection (3) specifically provides in part:

"* * * *an agency created by two or more political subdivisions to provide themselves governmental services*, which employs five employes or more, each of whose positions requires 600 hours of service per year, may, through its governing body, notify the board in writing, that it elects to include its employes in the system * * *." (Emphasis supplied)

ORS 237.003 provides:

"As used in ORS 237.001 to 237.315:

* * *

"(7) The term 'public employer' means the state, one of its agencies, one of its political subdivisions *or an agency created by two or more such political subdivisions to provide themselves governmental services*. For purposes of ORS 237.001 to 237.315, such agency created by two or more political subdivisions is a governmental instrumentality and a legal entity with power to enter into contracts, hold property and sue and be sued." (Emphasis supplied)

The phrase "or an agency created by two or more political subdivisions to provide themselves governmental services" is repeated in subsections (4) and (5) of amended ORS 237.081 and ORS 237.305.

When a public body lawfully acts through an agency which it owns and controls, those activities are governmental functions. Meredith v. State Tax Commission, (1939) 163 Or. 305, 308, 92 P. (2d) 1082; West v. Coos County, (1925) 115 Or. 409, 414, 237 P. 961; 18A Words and Phrases 241 et seq., Government.

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In the context of your question the phrases "governmental services" and "government function" apply to the same general activity. The Utah Supreme Court in Cobia v. Roy City, (1961) 12 Utah (2d) 375, 377, 366 P. (2d) 986, 988, held that the most general test of governmental function relates to the nature of the activity. The governmental function must be something done or furnished for the general public good, that is, of a "public governmental character."

*2 Two opinions of the Attorney General and a circuit court decision turned on the issue of whether activities now engaged in by the two organizations in question were proper subjects for payment of public funds. Opinions of the Attorney General, 1934-1936, p. 675, held that a county could pay county funds for employment of special counsel to represent the county before the legislature in legal matters affecting taxation and county administration. Payment to what became the Association of Oregon Counties appears to have been contemplated. Also see Opinions of the Attorney General, 1958-1960, p. 174, which held that municipalities may contract for services in preparation and presentation of legislation to the legislature when authorized by law.

Legality of county payments to the Association of Oregon Counties was upheld in Walker v. Association of Oregon Counties, Multnomah County No. 135-741. The memorandum decision by Circuit Judge Alfred B. Dobson, dated July 26, 1940, was based in part on West v. Coos County, supra, and held in part:

"* * * the expenditure sought to be enjoined in this cause is one which must be sanctioned as coming within the purview of the general responsibilities imposed upon county courts and boards of county commissioners, 'to have general care and management of the county property, funds and business, where the law does not otherwise expressly provide.'"

The constitution of the League of Oregon Cities and the constitution and bylaws of the Association of Oregon Counties determine whether the activities authorized and engaged in by these bodies and publicly financed include the "governmental services" contemplated by the 1963 legislature.

Both documents evidence that the two organizations were created by, to use the legislative standard, "two or more political subdivisions." Without listing the numerous objects of these organizations contained in their constitutions, it is apparent that they are authorized to, and do in fact, provide legislative representation and other cooperative activities of mutual benefit to the respective memberships. Such objects and activities under the authorities cited earlier are "governmental services" for purposes of ORS 237.001 to 237.315.

An additional requirement of the State Public Employes' Retirement System is that such agencies each employ five employes or more, each of whose positions requires 600 hours of service per year.

The 1963 amendments apply to any agency meeting the statutory requirements noted above.

We are advised that the League of Oregon Cities, but not the Association of Oregon Counties, meets the minimum employment requirement.

It is therefore our opinion that agencies formed by public bodies for governmental services and meeting the minimum employment requirement are eligible to participate in the State Public Employes' Retirement System.

The second part of your question asks if the League of Oregon Cities, the Association of Oregon Counties and other agencies formed by public bodies for governmental services are eligible for inclusion in the federal social security system. 42 U.S.C.A., § 418 (a)(1), provides that the Secretary of Health, Education and Welfare shall, at the request of any state, enter into an agreement with the state for the purpose of extending social security to the employes of the state or "*any political subdivision thereof.*" One of the first questions to be answered is whether the League of Oregon Cities and the Association of Oregon Counties qualify as political subdivisions of the state. Section 418 (b)(2) of 42 U.S.C.A., provides:

*3 "(b) For the purposes of this section—

* * *

"(2) The term 'political subdivision' includes an instrumentality of (A) a State, (B) *one or more political subdivisions of a State*, or (C) a State and one or more of its political subdivisions." (Emphasis supplied)

ORS 237.410 to 237.520 govern coverage of employes under the Social Security Act. ORS 237.410 (1), as amended by chapter 608, § 15, Oregon Laws 1963, provides in part:

"* * * 'political subdivision' means * * * *any agency created by two or more political subdivisions* referred to in subsection (7) of ORS 237.003, *to provide themselves governmental services*, the employes of which constitute a coverage group. For purposes of ORS 237.420 to 237.520, such agency created by two or more political subdivisions is a governmental instrumentality and a legal entity with power to enter into contracts, hold property and sue and be sued." (Emphasis supplied)

Neither the social security sections of ORS chapter 237 nor the Federal Social Security Act requires agencies otherwise eligible to employ a minimum number of persons. State-federal agreements, however, are subject to federal law and regulations. Thus it appears clear that the amendment to ORS 237.410 (1) was intended by the legislature to include those agencies created by two or more political subdivisions to provide governmental services as coming within the definition of a "political subdivision" as defined by 42 U.S.C.A., § 418 (b)(2).

It is therefore our opinion that subject to federal law and regulations the League of Oregon Cities, the Association of Oregon Counties and other agencies formed by public bodies for governmental services are eligible for inclusion in the federal social security system.

Robert Y. Thornton
Attorney General
Henry Kane
Assistant

31 Or. Op. Atty. Gen. 407 (Or.A.G.), 1964 WL 76371

End of Document

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Exhibit 2

AOC | Association of Oregon Counties

Constitution and Bylaws

As amended at membership meetings: 1959, 1962, 1968, 1969, 1970, 1972, 1973, 1974, 1975, 1977, 1992, 1994, 1997, 1998, 2000, 2002, 2003, 2006, 2007, 2008, 2010, 2011, 2012

Article I – Name and Purposes

Section 1 – Name:

This organization shall be known as the Association of Oregon Counties (also referred to herein as "AOC").

Section 2 – Purposes:

The purposes of AOC shall be:

(a) To secure cooperation among the counties of the state of Oregon in a comprehensive study of local problems and in the application of efficient methods of local government.

(b) To provide means whereby the officials of the counties of this state may interchange ideas and experiences and obtain expert advice.

(c) To collect, compile and distribute to county officials information about government and the administration of county affairs.

(d) To work with the members of the Oregon congressional delegation in the protection of the interests of Oregon counties in matters of national legislation and in the administration of national legislative acts.

(e) To formulate and promote such state legislation as will be beneficial to the counties of this state and the citizens thereof, and to oppose legislation detrimental thereto.

(f) To secure commonalities among counties of this state in matters that affects the rights and liabilities of counties.

(g) Upon approval of the Board of Directors, to institute or participate in litigation in the name of a member county, upon the request of such county, or in AOC's own name for the purpose of securing a determination relative to the rights and liabilities of counties of Oregon, or of AOC itself, under any constitutional provision, statute, ordinance, or law; to appear as a friend of the court in any court proceedings wherein the rights and liabilities of counties are affected and to appoint or employ counsel for the purpose herein mentioned.

(h) To cooperate and partner with other public and private organizations to improve the financial and administrative capability of counties to serve and protect the public interest.

(i) To provide such services to counties as counties may authorize and require through AOC, including but not limited to assistance in collective bargaining with employees, liability, casualty, workers compensation, health insurance and other employee benefits and the provision of joint facilities for counties with other governmental units acting singly or cooperatively. To that end, AOC may create or participate in appropriate entities and trusts that are suitable and convenient for carrying out its purposes.

(j) To do any and all other things necessary and proper for the benefit of the residents of the counties of this state.

(k) To appoint or employ counsel in order to accomplish any of the purposes of this organization herein mentioned.

Article II – Mission and Values

Section 1 – Mission:

The AOC mission is "Uniting counties to advocate, communicate and educate."

Section 2 – Values:

AOC will work toward fulfillment of this mission while adhering to the values of:

- Honesty and integrity;
- County self-governance;
- Creativity and innovation;
- Open communication;
- Strong partnerships and leadership; and
- Embracing the diversity of counties and their strength of common interests.

Article III – Membership

Section 1 – AOC Membership:

(a) Eligibility: Any county in the state of Oregon shall be eligible to membership.

(b) Acquisition: Any county of the state of Oregon may become a member by paying the membership fee for the current year pursuant to Article V, Section 2.

Section 2 – Affiliate Membership:

Affiliate membership in AOC may be considered for any statewide association:

(a) Where the voting membership is primarily composed of elected county officials; or

(b) Where the voting membership is primarily composed of professionals who have significant administrative responsibility and authority in an Oregon county. Significant administrative responsibility and authority shall be measured by the degree to which the professional: (1) prepares the regular meeting agenda for the governing body, (2) coordinates and recommends a balanced annual county budget to the budget committee and governing body and (3) undertakes or recommends the appointment, evaluation and termination of county department heads.

Affiliate members shall have a representative on the Board of Directors. Such representative shall be employed by an Oregon county that is a member of AOC.

Section 3 – District Attorney Association Membership on Legislative Committee:

The membership of the AOC Legislative Committee may include one district attorney designated by the Oregon District Attorneys Association.

Section 4 – Associate Membership:

Any statewide association, the voting membership of which consists primarily of Oregon county department directors who serve at the pleasure of a county court or board of commissioners or a county administrative officer or the voting membership of which consists primarily of organizations or entities that are designated by a county governing body to perform aging or economic development services under contract with or on behalf of the county, may be an associate member of AOC subject to approval by the Board of Directors of AOC and payment of any current year fees that may be set by the Board.

Representatives of associate member organization shall be eligible for appointment by the AOC President to membership on a committee created pursuant to Article XIII or Section3 of Article XIV of this Constitution and Bylaws. Such representatives must be employed by an AOC member county, except that an association of organizations or entities designated to perform aging or economic development services may be represented on a committee by a representative designated by a member county and employed by an organization or entity designated to perform such services under contract with or on behalf of the member county. The President may delegate to the committee chair the authority to appoint associate members to that committee. The Executive Director is authorized to perform such duties as may reasonably be accommodated to further the objectives of associate members.

Section 5 – Insurance Associate Membership:

(a) Subject to approval by the Executive Director of AOC and payment of any current year fees that may be set by the Board of Directors, a public body described in paragraph (b) of this section may be an insurance associate member. An insurance associate member is a member for only the limited purpose of being able to participate in City County Insurance Services (CIS) insurance and risk management services, subject to adopted CIS policies.

(b) Insurance associate member status is available to a public body that is not a county or incorporated city if it is created by a county under statutory or home rule charter authority or it provides services a county itself would otherwise provide within its own boundaries.

(c) As used in this section, "public body" means:

(A) An Oregon political subdivision;
(B) An Oregon municipal or public corporation;
(C) An instrumentality of an Oregon county, political subdivision, municipal or public corporation; or
(D) Any intergovernmental agency, department, council, joint board of control in Oregon created under ORS 190.125 or other like entity which is created under ORS 190.003 to 190.125, which does not act under the direction and control of any single member government.

Section 6 – Additional Membership:

Other classes of, and conditions for, membership may be established by the Board of Directors but such membership shall carry no voting privileges on the Board or the Legislative Committee or at membership meetings. Additional memberships shall not be created that allow any AOC income to accrue to the benefit of any private entity, company, organization or individual.

Section 7 – Termination:

(a) Any member described in this Article may withdraw from membership by notifying the AOC Board of Directors of its election to do so.

(b) Membership of any member described in this Article may be terminated by the AOC Board of Directors when the board determines that it is in the interests of AOC to do so.

(c) Except as provided in Article XIX, Section 2, no member whose membership is terminated shall have any claim to the income or assets of AOC.

Article IV – Partners

Section 1 – Business Partners:

(a) A private entity, company, organization or individual that is not a member county or employee of a member county may be considered for Business Partner status:

(A) Through application in writing to the Board of Directors for Business Partner status;
(B) By paying an annual partner fee established by the Board; and
(C) By accepting and signing the Business Partner Code of Conduct Agreement adopted by the Board.

(b) Business Partners:

(A) May not be voting members of any AOC committees or task forces but may attend such meetings and with the approval of the chair participate in group discussions.
(B) Shall be eligible for discounts of registrations and priority vendor booth space.
(C) Shall have the exclusive opportunity to sponsor AOC activities and receive recognition for their contribution.
(D) Are eligible for membership on the AOC Business Partner Advisory Board, which shall be appointed as provided in Article XIV, Section 3.

i. The Business Partner Advisory Board will provide recommendations to the AOC Board of Directors with regard to the Business Partner Program including events, sponsorships, publications and training.
ii. The Business Partner Advisory Board will develop and recommend a Code of Conduct for Business Partners to the AOC Board of Directors.

Section 2 – Additional Partnerships:

Other classes of, and conditions for, partnerships may be established by the Board of Directors but such partnerships shall carry no voting privileges.

Section 3 – Partnership Limitations:

Nothing in this section confers any rights over the governance, income or assets of AOC to any private entity, company, organization or individual. As provided in Section 4 of Article V, income shall accrue only to the member counties of AOC. In accordance with Article XIX, upon dissolution of AOC, any assets remaining after satisfaction of outstanding indebtedness and liabilities will be distributed exclusively among the counties.

Article V – Finance

Section 1 – Fiscal Year:

The fiscal year of AOC is January 1 to December 31.

Section 2 – Membership Fees:

The annual membership fees for the counties of this state shall be determined by the Board of Directors in the following manner:

(a) The Budget Committee shall prepare and provide to the Board of Directors a proposed AOC budget for the ensuing year.

(b) The Board of Directors shall review, modify as the Board considers appropriate, approve and submit the proposed AOC budget, which budget shall adequately provide for all association activities.

(c) Upon adoption of the budget by AOC, either as presented by the Board of Directors or as amended by AOC, the Board shall assess the membership fees for each county for the ensuing year by fixing a uniform base fee for all counties and prorating the difference between the total amount of the budget and the total of base fees among the several counties as follows:[1]

(A) One-half the difference shall be prorated on the basis of the previous year's real market value as reported to the Oregon State Department of Revenue; and

(B) One-half the difference shall be prorated on the basis of population as determined by the population certificates on file with the Center for Population Research and Census pursuant to ORS 190.520 at the time the budget is adopted.

(c) Notwithstanding paragraphs (A) and (B) of subsection (b) of this section, the total amount of membership fees assessed against an individual county shall not exceed an amount equal to twenty times the approved base fee.

(d) If in the judgment of the Board of Directors an individual county is unable to pay its full membership fee to AOC because of a highly unusual fiscal situation within the county, the Board may reduce that county's fee assessment for the current year.

Section 3 – Expenditures:

No funds shall be expended except as provided for in the approved budget or upon approval of the Board of Directors and in furtherance of the purposes of AOC.

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1 ORS 190.020(1)(a)

Section 4 – Accrual of Income:

Income collected by or credited to AOC shall not accrue to the benefit of any private person, firm or corporation, but shall accrue only to the member counties of AOC.[2]

Section 5 – Treasurer's Bond:

A surety bond in an amount to be determined by the Board of Directors shall be required of the Treasurer, conditioned upon faithful performance, the expense thereof to be paid by AOC.

Section 6 – Audits:

All funds, revenues and expenditures of AOC shall be audited at least annually.[3] The Audit Committee shall review the audit and report to the Board of Directors.

Article VI – Officers

Section 1 – Officers:

The officers of this organization shall be President, First Vice President, Second Vice President, Treasurer, Immediate Past President and Executive Director, each of whom, with the exception of the Executive Director, shall hold an elective position as a member of the county court or board of commissioners of a member county. The officers shall exercise the duties and powers incident to their offices.

Section 2 – Duties and Powers:

The officers of AOC shall perform all duties incident to the offices they hold and such other duties as may be prescribed by this Constitution and Bylaws or the Board of Directors. In particular, the officers shall perform the following functions:

(a) President: The President is the chief elected officer of AOC. The President presides over the policy-making activities of the Board of Directors and assists the Executive Director in the representation of that policy to other groups and individuals. The President shall preside at board meetings. The President may sign contracts, deeds, leases and other instruments or documents as authorized by the Board or as necessary to carry out the purposes of AOC. The President is a voting member of the Executive Committee, the Board of Directors, the Legislative Committee, the Special Operations Committee and the Resolutions Committee. The President makes appointments to AOC committees and task forces and, at the request of Oregon's executive branch and others, to other groups. The

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2 ORS 190.080(5)

President conducts an annual evaluation of the Executive Director.

(b) First Vice-President: The First Vice-President is the first in line to assume responsibilities of the office of President in the event of a vacancy or the inability of the President to perform the duties of the office. The First Vice-President may also be authorized by the President to execute documents or perform other responsibilities in the absence of the President. The First Vice-President shall perform other duties that may be assigned by the President. The First Vice-President is a voting member of the Executive Committee, the Board of Directors, the Legislative Committee, the Special Operations Committee and the Resolutions Committee. The First Vice-President chairs the Budget Committee and participates in the evaluation of the Executive Director.

(c) Second Vice-President: The Second Vice-President is the second in line to assume responsibilities of the office of President and first in line to assume the responsibilities of the office of First Vice-President if those officers are unable to perform their duties or in the event of a vacancy. The Second Vice-President is a voting member of the Executive Committee, the Board of Directors, the Legislative Committee, the Special Operations Committee and the Resolutions Committee. The Second Vice-President serves as principal liaison to AOC affiliate groups. The Second Vice-President participates in the evaluation of the Executive Director.

(d) Treasurer: The Treasurer is responsible for oversight of AOC's internal financial affairs, including oversight of the internal controls systems and ensuring an annual audit of the AOC fiscal accounts. The Treasurer is also authorized to sign checks in accordance with the financial controls of AOC. The Treasurer is a voting member of the Executive Committee, the Board of Directors, the Legislative Committee, the Special Operations Committee and the Resolutions Committee. The Treasurer participates in the evaluation of the Executive Director.

(e) Immediate Past President: The Immediate Past President is a voting member of the Executive Committee, the Board of Directors, the Legislative Committee, the Special Operations Committee and the Resolutions Committee. The Immediate Past President provides advice and counsel to the Executive Committee and Executive Director and participates in the evaluation of the Executive Director. The Immediate Past President also takes the lead in recruiting candidates for AOC officer positions.

(f) Executive Director: The duties of the Executive Director shall be defined by the Board of Directors subject to the will of AOC expressed at any duly called meeting.

Section 3 – Term of Office:

All officers except the Immediate Past President and the Executive Director shall be elected

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3 ORS 190.020(1)(b)

on or before December 31 for a term of one year and shall hold office until their successors are elected and qualified. Their terms shall begin as of the day immediately following their election. All officers except the Executive Director and the Immediate Past President shall be elected at the Annual Meeting of AOC. The President shall automatically assume the position of Immediate Past President upon expiration of the term as President.

Section 4 – Vacancies:

(a) Except for vacancy in the office of President or Executive Director, any vacancy in office shall be filled by appointment by the President, subject to the approval of the Board of Directors. If the office of Immediate Past President becomes vacant, the President shall appoint a prior Past President to fill the vacancy.

(b) If the office of President becomes vacant during the term of such office, the vacancy shall be filled by appointment by the Executive Committee, subject to the approval of the Board of Directors.

(c) An individual appointed to fill a vacancy in an elective office as provided in this section shall hold office for the remainder of the term.

Section 5 – Selection of Candidates for Office:

(a) Selection Process: Any eligible commissioner or judge may seek an AOC office. The Immediate Past President shall receive the names of candidates who have notified the Immediate Past President in writing of their candidacies at least twenty-four (24) hours before the start of the annual business meeting. The Immediate Past President shall not reject any candidate. The Immediate Past President shall confirm that each candidate would be willing to serve if elected. Unless instructed otherwise in writing by those officers, the Immediate Past President shall include the Second Vice President as a candidate for First Vice President and shall include the First Vice President as a candidate for President. The Immediate Past President shall report the names of the candidates to the membership and AOC staff shall provide a printed ballot, including the names of all the candidates who have notified the Immediate Past President by the above deadline or who are otherwise described above as nominees, to the membership at the Annual Business Meeting.

(b) Additional nominations may be presented from the floor.

Section 6 – Election of Officers:

(a) Time of Election: The election of officers shall occur at the Annual Business Meeting of AOC.

(b) Multiple Nominees. If there is more than one nominee for an office, voting shall be by

written ballot on which the identity of the delegate voting shall be written. The nominee who receives more than fifty (50) percent of votes cast for that office shall be considered elected. If there are more than two nominees for an office and no nominee receives more than fifty percent of the votes cast, the nominee who receives the fewest votes shall be eliminated, and the voting shall continue until only two nominees remain. If there is a tie between the two remaining nominees, the presiding officer shall toss a coin. The nominee who wins the toss shall be considered elected.

Article VII – Board of Directors

Section 1 – Membership:

The Board of Directors shall consist of the President, First Vice President, Second Vice President, Treasurer, Immediate Past President of AOC, any judge or commissioner serving as an officer or member of the Board of the National Association of Counties or the Western Interstate Region, one representative from each of the affiliate members, eight district chairs and up to six members at large, plus one additional member from each county with a population of 250,000 or more, each of whom, except affiliate representatives, shall hold office on the County Court or Board of County Commissioners of a member county.

Section 2 – Membership Selection:

(a) Members from Districts: One member of the Board of Directors shall be selected from each of the districts as hereinafter defined, which selection shall be by the vote of the members of the County Courts or Boards of County Commissioners of that district. The selection in any year during which the term of the Board member representing a district expires shall be made at the annual convention, or at a meeting called especially for that purpose.

(b) Members at Large: After receiving the recommendations of the President, other members of the Board of Directors shall appoint the members-at-large from zero to six, giving due consideration to (1) achieving a balanced representation on the Board; and (2) maximizing the number of counties that are represented on the Board.

(c) Members from counties with 250,000 or more population: After receiving recommendations from the President, and by a majority vote, other members of the Board of Directors shall also appoint one additional member to the Board from each county with a population of 250,000 or more.

Section 3 – District Representation:

The counties of this state shall be grouped into eight districts as follows:

District 1	**District 2**	**District 3**	**District 4**
Baker	Crook	Gilliam	Coos
Grant	Deschutes	Hood River	Curry
Malheur	Harney	Morrow	Douglas
Umatilla	Jefferson	Sherman	Jackson
Union	Klamath	Wasco	Josephine
Wallowa	Lake	Wheeler	
District 5	**District 6**	**District 7**	**District 8**
Benton	Marion	Clatsop	Clackamas
Lane	Polk	Columbia	Multnomah
Linn	Yamhill	Lincoln	Washington
		Tillamook	

Section 4 – Term of Office:

The term of office of members of the Board of Directors who are either elected from districts or appointed by the Board from counties with a population of 250,000 or more shall be two years, and the term of office of the members at large appointed by the Board shall be one year. All terms of office begin as of the day of election or appointment, and continue until a successor is elected or appointed and qualified. Vacancies in the Board positions occupied by the Immediate Past President and the members-at-large shall be filled by appointment of the President, with the approval of the Board. Vacancies in the Board positions occupied by members elected from districts shall be filled by vote of the members of the County Courts and Boards of County Commissioners of the district.

Section 5 – Alternates:

At the time of the selection of the members of the Board of Directors by the several districts, there shall also be selected one alternate from each district who shall serve on the Board in the event that the regularly elected member shall for any reason be unable to attend any meeting of the Board, and which alternate shall become a regular member of such Board upon the death or removal from county office of the duly elected regular member, or upon resignation from the Board, or upon removal in accordance with Section 6 of this Article.

Section 6 – Declaration of a Vacancy:

A position on the Board of Directors may be declared vacant by the President when the person holding such position fails to consistently attend duly called meetings for which such person has received notification, except where such person is prevented from attendance due to illness, emergency, absence from the state or has been previously excused by the President.

Section 7 – Duties and Powers:

The Board of Directors shall have general supervision over all the affairs of the organization subject to the will of AOC expressed at any duly called meeting. The Board shall appoint the Executive Director who shall hold office at the pleasure of said Board. The Board shall formulate policies of AOC subject to the expressed will of AOC and shall direct the activities of the Executive Director. The Board shall do any and all other things necessary to accomplish the general purposes of AOC.

Section 8 – Meetings – Quorum:

Meetings of the Board of Directors may be held at any time upon the call of the President or upon the call of any two members. Eight members from at least five of the eight districts shall constitute a quorum.

Section 9 – Voting:

Actions may be taken by a majority vote, a quorum being present. Votes by proxy are not permissible. An action to terminate a membership pursuant to Article III, Section 7, requires approval by at least two-thirds of the members of the Board.

Article VIII – Executive Committee

Section 1 – Membership:

The Executive Committee shall consist of the President, First Vice President, Second Vice President, Treasurer and Immediate Past President of AOC. The Executive Director shall be a non-voting member of the committee.

Section 2 – Duties and Powers:

The Executive Committee may act for the Board, pursuant to specific delegation of authority to such committee by the Board, between Board meetings on all matters so delegated, except those specifically reserved to the Board by this Constitution and Bylaws. Actions of the Executive Committee shall be reported to the Board by no later than the next Board meeting.

Section 3 – Quorum:

A quorum is a majority of the membership.

Section 4 – Voting:

Actions may be taken by a majority vote, a quorum being present. Votes by proxy are not permissible.

Article IX – Special Operations Committee

Section 1 – Membership:

The Special Operations Committee shall consist of the President, First Vice President, Second Vice President, Treasurer and Immediate Past President plus the chairs of the steering committees. If a steering committee has more than one chair, only one shall have a vote and count toward a quorum per meeting. The Executive Director shall be a non-voting member of the committee.

Section 2 – Duties and Powers:

The Special Operations Committee may act for the Legislative Committee between Legislative Committee meetings on all matters so delegated. Actions of the Special Operations Committee shall be reported to the Legislative Committee by no later than the next Legislative Committee meeting.

Section 3 – Quorum:

A quorum is a majority of the voting membership.

Section 4 – Voting:

Actions may be taken with the approval of at least sixty-seven (67) percent of those voting, a quorum being present. Votes by proxy are not permissible.

Article X – Executive Director

Section 1 – Qualifications:

The Executive Director of AOC shall be a competent qualified individual and a resident of the state of Oregon while holding such office.

Section 2 – Appointment:

The Executive Director shall be appointed by the Board of Directors, and shall hold office at the pleasure of the Board.

Section 3 – Salary:

The Executive Director shall receive a salary fixed by the Board of Directors.

Section 4 – Office Expenses:

All expenses connected with the operation of the AOC office and all necessary travel expense incurred by the Executive Director and members of the staff shall be paid by AOC in accordance with the AOC financial and other related policies.

Section 5 – Duties:

The duties of the Executive Director shall be defined by the Board of Directors subject to the will of AOC expressed at any duly called meeting.

Article XI – Legislative Committee

Section 1 – Membership and Selection:

(a) The Legislative Committee shall consist of all the following:
   (A) The Board of Directors;
   (B) One additional member from each of the eight districts, which additional member shall be selected by the Board of Directors;
   (C) The chair of each committee that has been created in accordance with Article XIII of this Constitution and Bylaws and that has been designated as a steering committee;
   (D) One district attorney designated by Oregon District Attorneys Association as provided in Article III; and
   (E) Any additional member(s) the Board of Directors may choose to appoint in accordance with any petition(s) submitted as provided in paragraph (b) of this Section.

(b) By an affirmative action of its governing body, any county that does not have a member of its governing body on the Legislative Committee may petition the Board of Directors to appoint one of its members to the Legislative Committee.

(c) Except for a committee chair who serves by virtue of holding that office or a district attorney, each non-Board of Directors member of the Legislative Committee shall serve for a two-year term. Except for a district attorney, each non-Board member must also be a member of a County Court or Board of Commissioners of a member county. The district attorney member shall serve for a one-year term.

Section 2 – Duties and Powers:

The Legislative Committee shall formulate public policies and legislative positions, including policies and positions on state or federal legislation, initiative petitions or ballot measures, and shall direct the legislative activities of the Executive Director or any other individual retained to represent AOC in legislative matters, subject, however, to the will of AOC expressed at any duly called meeting.

Section 3 – Meetings – Quorum:

Meetings of the Legislative Committee may be held at any time upon the call of the President or upon the call of any two members. Seventeen (17) members from at least five of the eight districts shall constitute a quorum. Members who participate by telephone or video conference call or similar contemporaneous means are considered present for purposes of parliamentary rules.

Section 4 – Voting:

(a) Actions: Actions on public policies or legislative positions may be taken only with approval of at least sixty-seven (67) percent of those voting, a quorum being present. Any other actions may be taken by a majority vote, a quorum being present. Votes by proxy are not permissible.

(b) Minority Reports: A minority of the committee consisting of at least twenty-five (25) percent of those voting may issue an expression of a different point of view with respect to an action on public policy or legislative position that is taken by the committee.

Article XII – Resolutions Committee; Resolutions Process

Section 1 – Resolutions Committee:

(a) Membership: The Resolutions Committee shall consist of the Executive Committee and the chairs of the districts of AOC or their designees.
(b) Meetings: Meetings: The Resolutions Committee shall meet at the close of the business day on the first day of the annual conference. It shall meet again at the close of the business day on the day previous to the day of the annual business meeting.
(c) Duties and Powers:

(A) The Resolutions Committee may approve, modify or disapprove any resolution submitted for its consideration.
(B) Resolutions submitted to the Resolutions Committee as provided in Section 2 of this Article for the annual meeting that relate to state legislative issues other than initiative petitions or ballot measures shall be referred by the Resolutions

Committee to the AOC Legislative Committee for action.

(C) The Resolutions Committee shall determine whether a resolution is germane to matters of county concern.

(d) Quorum: A majority of the members constitutes a quorum.

(e) Voting: Actions may be taken by a majority vote, a quorum being present. Votes by proxy are not permissible.

Section 2 – Process for Proposing Resolutions:

Except as provided in Section 3 (b) of this Article, resolutions proposed for adoption at the annual business meeting must be submitted to the Resolutions Committee by noon on the day previous to the day of the annual business meeting.

Section 3 – Process for Adopting Resolutions:

(a) Resolutions approved or modified by the Resolutions Committee must be made available to the AOC membership at least four hours prior to the annual business meeting.

(b) Resolutions presented in writing may be accepted from the floor if their consideration is approved by a two-thirds vote of those present and eligible to cast votes at the meeting of the Resolutions Committee or at the annual business meeting of AOC.

(c) A resolution at an annual or special meeting of the membership must be approved by at least sixty-seven (67) percent of the delegates voting, a quorum being present, in order to be adopted.

Article XIII – Steering Committees

Section 1 – Creation – Membership:

The AOC President, with approval of the Board of Directors, may appoint Steering Committees and chairs or co-chairs of the Steering Committees, as may be necessary or desirable. Steering Committees report to the Legislative Committee. AOC members may volunteer to serve as committee members. Each committee chair may appoint to membership on that committee one or more affiliate members, district attorneys and, if authorized by the President under Section 4 of Article III, associate members.

Section 2 – Meetings:

Steering committees shall meet upon call of the President or the committee chair.

Section 3 – Quorum:

To constitute a quorum, at least five committee members must be present, of who at least three must be county commissioners or judges. Votes by proxy are not permissible.

Section 4 – Voting:

An affirmative vote of the majority of members present is required for committee action.

Article XIV – Budget Committee; Audit Committee; Additional Committees

Section1 – Budget Committee:

(a) Membership Selection: The Budget Committee shall consist of the First Vice President as chair and each of the district chairs or their designees as members. The Treasurer shall serve as an ex-officio member.

(b) Duties and Powers: The Executive Director shall propose annually a budget for review by the Budget Committee. The Budget Committee shall recommend a proposed budget to the Board of Directors prior to the annual conference. The proposed budget shall include the dues amount for each member county.

(c) Meetings, Quorum: The First Vice President shall convene the Budget Committee far enough in advance of the annual conference for the committee and the board to complete their work on the proposed budget. A majority of the members of the committee constitutes a quorum.

(d) Voting: Action may be taken by a majority vote, a quorum being present.

Section 2 – Audit Committee:

(a) Membership Selection: The President shall recommend and the Board of Directors shall appoint annually an Audit Committee. The Treasurer shall serve as Chair. The Committee shall be made up of at least one county administrator and three members of the Board.

(b) Duties and Powers: The Audit Committee shall meet with the auditor to review the annual audit of AOC and report any findings to the Board.

(c) Meetings, Quorum: The Treasurer shall convene the Audit Committee. A majority of the members of the committee constitutes a quorum.

(d) Voting: Action may be taken by a majority vote, a quorum being present. Votes by proxy are not permissible.

Section 3 – Additional Committees:

The President of AOC, with approval of the Board of Directors, may appoint such other standing committees and task forces as may be necessary or desirable. Such other committees and task forces shall meet upon call of the President or the committee chair. The President may directly nominate or appoint interested county officials to committees or task forces convened by organizations other than AOC. A county official or employee appointed to an AOC committee or task force, or appointed by AOC to a committee or task force convened by an organization other than AOC, must be from a member county in order to serve. As used in this Article, a committee is a group created to address issues involving a particular subject on an ongoing basis as issues arise; a task force is a group created to address particular issues within a limited period of time.

Article XV – Conferences

Section 1 – Annual Conference:

The annual conference of AOC shall be held at the discretion of the Board of Directors at a time between September 1 and December 15, except that the annual conference shall not be held during the week in which a regular general statewide election is held or during the week in which Thanksgiving Day is observed. The meeting place shall be determined by the Board. The program of the annual conference shall be arranged by or under the direction of the Board. The annual business meeting shall be held at the annual conference.

Section 2 – Mid-Year Conference:

A mid-year conference may be held at the discretion of the Board of Directors. If held, the meeting place shall be determined by the Board; and the program shall be arranged by or under the direction of the Board.

Article XVI – Membership Meetings

Section 1 – Annual Business Meeting:

The annual business meeting of AOC shall be held during the annual conference. At the annual meeting, the presiding officer shall appoint a parliamentarian. A majority of the member counties of the state, which are represented by at least one delegate, shall constitute a quorum.

Section 2 – Special Meetings:

Special meetings of AOC may be called by the Board of Directors at any time by giving notice to the County Court or Board of County Commissioners of each member county at least five days prior to the date of the meeting. The notices shall state the purpose of this meeting. At a

special meeting of AOC, the presiding officer shall appoint a parliamentarian. A majority of the member counties of the state, which are represented by at least one delegate, shall constitute a quorum.

Section 3 – Regional Meetings:

Regional meetings may be called at any time by the President or Board of Directors for the benefit of counties located in various parts of the state or for the benefit of counties interested in a particular subject. A majority of the member counties of the region, which are represented by at least one delegate, shall constitute a quorum.

Section 4 – District Meetings:

Meetings of the districts of AOC shall be held at such times and places as may be determined by the chair of each district. A district meeting may be convened for any purpose of interest to the district including, but not limited to, district elections, consideration of regional or district issues, to develop policies or to present a proposed AOC budget. A majority of the member counties of the district which are represented by at least one delegate shall constitute a quorum.

Section 5 – Voting:

Each county may be represented by one or more members of the County Court or Board of County Commissioners and each member county shall be entitled to one vote for each delegate present. The Board of Directors may adopt a weighted voting system, which shall become effective at the annual convention or a special meeting of AOC on any individual issue, other than the election of officers, upon affirmative vote of sixty-seven (67) percent of the delegates of member counties present.

Article XVII – Parliamentary Procedure

Except as otherwise provided in this Constitution and Bylaws, all questions of parliamentary practice shall be decided according to the current edition of Robert's Rules of Order. Except for membership meetings or as otherwise provided in this Constitution and Bylaws, individuals who participate in meetings by telephone or video conference call or similar contemporaneous means are considered present for purposes of parliamentary rules.

Article XVIII – Amendments

The Constitution and Bylaws may be amended at any annual meeting or at any special meeting called for that purpose upon affirmative vote of two-thirds of the delegates of member counties present.

Article XIX – Dissolution

Section 1 – Method:

AOC may be dissolved at any time by unanimous vote of all the members.[4]

Section 2 – Rights and Obligations:

Upon dissolution of AOC, the counties then participating shall mutually agree upon the transfer of personnel, division and distribution of assets, outstanding indebtedness and liabilities (including accrued personnel benefits). A county that withdraws from membership within two years of termination shall share in the disposition, division and distribution as though the county had continued as a member to the date of termination. If litigation becomes necessary, then venue shall be established in the Circuit Court for Marion County, Multnomah County or Lane County to determine the transfer or division.[5]

Article XX – Property; Duration; Intergovernmental Agreement

Section 1 – Ownership of Property:

AOC is authorized to purchase, receive, hold or manage property, both real and personal, and may lease, sell or otherwise dispose of the same.

Section 2 – Duration of AOC:

The duration of AOC shall be perpetual.[6]

Section 3 – Intergovernmental Agreement:

(a) Status of Organization: This Constitution and Bylaws are intended to constitute an agreement for intergovernmental cooperation by units of local government under ORS 190.010 to 190.110 inclusive, in performing functions and providing services which all of the parties have authority to perform and provide. For purposes of ORS 190.010 to 190.110, the organization created by this Constitution and Bylaws to perform certain functions and activities herein set forth shall carry out those functions by a combination of methods provided for in ORS 190.020.[7]

(b) Nothing in the 2010 Amendments to this Constitution and Bylaws is intended to affect the nature of AOC as an instrumentality of government or as an intergovernmental entity or to otherwise affect its ongoing organizational status.

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4 ORS 190.020(1)(f)
5 ORS 190.020(1)(c); ORS 190.020(2); ORS 190.080(5)
6 ORS 190.020(1)(e)
7 ORS 190.010

Exhibit 3

LEAGUE of Oregon CITIES

2016

BUSINESS PARTNER Program

www.orcities.org

2016 Business Partner Program

Our primary objective at the League of Oregon Cities is to help city governments meet the needs of citizens. Your participation in the Business Partner program will help us provide effective training and serve as the collective voice for our 242 member cities.

The League of Oregon Cities invites you to participate in the 2016 LOC Business Partner program. This program allows your organization to directly communicate with decision makers in the 242 cities across Oregon.

Please take a few moments to review the enclosed materials. To become an LOC Business Partner, complete and return the enclosed enrollment form—either by email, mail or fax—by **February 26, 2016.** Our contact information is listed below.

If you have any questions, please contact us at the numbers listed below. We look forward to working with you in support of cities.

Sincerely,

Kevin Toon
Communications/Marketing Manager
(503) 588-6550 or (800) 452-0338
ktoon@orcities.org

Michael J. McCauley
Executive Director

FAX:
(503) 399-4863

OR

MAIL:
League of Oregon Cities
1201 Court St. NE, Ste. 200
Salem, OR 97301

LEAGUE of Oregon CITIES

Business Partner Benefits

BEST VALUE

PLATINUM LEVEL

$1,000

- 3 months of quarter-page display advertising in *Local Focus* per calendar year ($750 value)
- 20% discount on additional ads in *Local Focus*
- Advance registration opportunity for LOC trade show
- $150 discount on exhibitor booth at LOC Annual Conference
- 12 months advertising in LOC's online Products and Services Directory (per calendar year)
- 3 free subscriptions to monthly *Local Focus* magazine and weekly *LOC Bulletin* ($288 value)
- Authorized use of LOC Business Partner logo
- Opportunity to lease LOC mailing lists
- Recognition on LOC website and in *Local Focus*
- Free LOC wall calendar

GOLD LEVEL

$600

- 2 months of quarter-page display advertising in *Local Focus* per calendar year ($500 value)
- 10% discount on additional ads in *Local Focus*
- Advance registration opportunity for LOC trade show
- $100 discount on exhibitor booth at LOC Annual Conference
- 12 months advertising in LOC's online Products and Services Directory (per calendar year)
- 2 free subscriptions to monthly *Local Focus* magazine and weekly *LOC Bulletin* ($192 value)
- Authorized use of LOC Business Partner logo
- Opportunity to lease LOC mailing lists
- Recognition on LOC website and in *Local Focus*
- Free LOC wall calendar

SILVER LEVEL

$425

- 1 month of quarter-page display advertising in *Local Focus* per calendar year ($250 value)
- Advance registration opportunity for LOC trade show
- $50 discount on exhibitor booth at LOC Annual Conference
- 12 months of advertising in LOC Products and Services Directory (per calendar year)
- One free subscription to monthly *Local Focus* magazine and weekly *LOC Bulletin* ($96 value)
- Authorized use of LOC Business Partner logo
- Recognition on LOC website and in *Local Focus*
- Free LOC wall calendar

2016 Business Partner Enrollment

With your support, the League helps its 242 member cities succeed through advocacy, training and development, and information services.

To enroll, please complete this form and email to Kevin Toon at ktoon@orcities.org, or fax (503) 399-4863.

You can also mail a copy to:

League of Oregon Cities
Attention: Kevin Toon
1201 Court St. NE, Ste. 200
Salem, OR 97301

LOC will send an invoice for the annual fee.

Please select one (1) membership option from the following:

- ❑ Platinum $1,000
- ❑ Gold $600
- ❑ Silver $425

Company Name (as it will appear on website or in publications) Today's Date

Contact Person Title

Address

City State Zip Code

(( )

Phone FAX

Email Address

Website Address

Authorized by Title

Exhibit 4

LEAGUE of Oregon CITIES

90TH ANNUAL CONFERENCE

SPONSORSHIP



September 24-26, 2015

The Riverhouse Hotel & Convention Center, Bend

LEAGUE of Oregon CITIES

Sponsorship of the 90th Annual Conference

The largest annual gathering of city officials in Oregon, the LOC Annual Conference will be held September 24-26 at the Riverhouse Hotel & Convention Center in Bend. Approximately 600 city officials from across the state will attend this event. Your financial contribution will help create a professional, high quality experience for attendees, while improving your organization's visibility within the municipal market.

Our primary goal at the League of Oregon Cities is to help our city governments effectively meet the needs of their citizens. We appreciate your support in this effort.

To become a sponsor, complete and return the enclosed form by **August 14**.

Questions? Contact Kevin Toon at: (503) 588-6550 or *ktoon@orcities.org*.

NEW THIS YEAR
Custom Sponsorships

These new opportunities offer exclusivity for a sponsor; prices subject to negotiation:

- **Tour Sponsorship** – serve as presenting sponsor and accompany attendees on several area tours of municipal projects.
- **Premium Item** – your logo on the complimentary item attendees receive with registration.
- **Friday afternoon break** – host an ice cream or latte break for attendees between breakout sessions Friday afternoon.

For more information, contact Kevin Toon, LOC Communications Manager: *ktoon@orcities.org* or (503) 588-6550.

GENERAL SPONSORSHIPS

BRONZE
$750

- Co-sponsor of trade show game for attendees
- One (1) complimentary admission to conference for company representatives
- Company name on special sponsorship signage at the conference
- Recognition in program book, on LOC website and in post-conference issue of monthly magazine (November 2015)

SILVER
$1,500

- Co-sponsorship of Saturday Breakfast Meeting
- Recognition of company during sponsored events
- Complimentary conference admission for up to two (2) company representatives
- Full-page advertisement in program book
- Co-sponsor of Thursday evening Welcome Reception
- Recognition on audio-visual media announcements prior to conference sessions
- Special recognition in program book, on LOC website and in post-conference issue of monthly magazine (November 2015)

GOLD
$2,500

- Co-sponsorship of Saturday Breakfast Meeting
- Recognition of company during sponsored events
- Complimentary conference admission for up to three (3) company representatives
- Premium full-page advertisement in program book
- Logo featured on special sponsorship signage at the conference
- Logo recognition on audio-visual media announcements prior to conference sessions
- Co-sponsor of Thursday evening Welcome Reception
- Special recognition in program book, on LOC website and in post-conference issue of monthly magazine (November 2015)

PREMIER SPONSORSHIPS

SIGNATURE
$6,000

- Opportunity for company representatives to speak to delegates during a 90-minute concurrent session on Friday or Saturday
- Prominent banner placement or logo display during speaking opportunity
- Promotion of speaking opportunity in program book
- Complimentary booth in exhibitor trade show
- Up to seven (7) complimentary admissions to conference for company representatives
- Logo featured on special sponsorship signage at the conference
- Logo recognition on audio-visual media announcements prior to conference sessions
- Premium full-page advertisement in program book
- Co-sponsor of Thursday Welcome Reception
- Special recognition in program book, on LOC website and in post-conference issue of monthly magazine (November 2015)

KEYNOTE
$10,000

- Presenting sponsorship of one (1) Keynote event at the LOC Conference – Friday morning Opening Session or Saturday Keynote Luncheon
- Prominent banner placement or logo display during sponsored keynote event
- Welcome and introduction of speaker by company representative
- Recognition of organization and its representatives at sponsored keynote event
- Prominent recognition of keynote sponsorship in program book
- Complimentary booth in exhibitor trade show
- Up to ten (10) complimentary admissions to conference for company representatives
- Logo featured on special sponsorship signage at the conference
- Logo recognition on audio-visual media announcements prior to conference sessions
- Premium full-page advertisement in program book
- Co-sponsor of Thursday Welcome Reception
- Special recognition in program book, on LOC website and in post-conference issue of monthly magazine (November 2015)

LEAGUE of Oregon CITIES

90th Annual Conference SPONSORSHIP

EMAIL or **FAX** to: *ktoon@orcities.org or* (503) 399-4863

Please select one (1) sponsorship option:

- ☐ Keynote ($10,000)
- ☐ Signature ($6,000)
- ☐ Gold ($2,500)
- ☐ Silver ($1,500)
- ☐ Bronze ($750)

Custom:
- ☐ Tour Sponsorship
- ☐ Premium Item
- ☐ Friday Afternoon Break

Please print carefully

Company Name* _____
**As it should appear in conference program*

Contact _____ Title _____

Address _____

City _____ State _____ Zip _____

Phone _____ Fax _____

Email _____

Website _____

Authorized by _____ Title _____

Today's Date _____

See reverse for terms and conditions.

Terms and Conditions:

By completing the information above, you are submitting an offer to be a sponsor of the 90th Annual Conference of the League of Oregon Cities. The League reserves all rights to accept or reject such offers, and a binding contract is not formed until your offer has been accepted by the League either by written confirmation or email. A contract, once formed, is subject to the terms and conditions below.

1. **Sponsorship Offer:** All offers for sponsorship must be submitted on the form provided by the League of Oregon Cities (League).

2. **Payment:** Sponsor understands and agrees to submit full payment due under this contract within 15 days of the League's acceptance of Sponsor's offer.

3. **Consideration:** In consideration of the payment made by Sponsor to the League pursuant to this contract, League agrees to provide the benefits described in this brochure.

4. **Use of League Name:** Sponsor understands that acceptance by the League in no way implies endorsement by the League of Sponsor's products, equipment and/or services. Sponsor agrees not to use the League's name or logo in correspondence, publications, announcements or other written, visual or audio materials without the express written approval of the League except to identify its sponsorship of the Conference.

5. **Cancellations/Refunds:** This contract may be cancelled by Sponsor if a request to cancel is received in writing by the League no later than close of business on August 14, 2015. There will be a $250.00 fee for any cancellation. No money will be refunded for cancellations received after close of business on August 14, 2015.

6. **Conference Cancellation – Limitation of Damages:** The League may cancel the Annual Conference and this agreement at any time for any reason, including, but not limited to: acts of war, terrorism, civil riots or rebellions; quarantines, embargoes or other similar unusual governmental action; or extraordinary elements of nature or acts of God. Should the League cancel this contract pursuant to the provisions of this section, Sponsor waives any and all claims arising therefrom. Refunds will be paid up to the full amount of sponsorship minus any costs already incurred by League related to sponsorship.

7. **Interpretation/Venue:** This contract shall be governed and construed in accordance with the laws of the State of Oregon. Any claim, action or suit between League and Sponsor that arises out of or relates to this contract shall be brought and conducted solely and exclusively within the Circuit Court for Marion County, for the State of Oregon. Provided, however, that if any such claim, action or suit may be brought only in a federal forum, it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon.

8. **Integration:** This contract embodies the entire agreement of the parties. There are no promises, terms, conditions or obligations other than those contained in this contract. This contract shall supersede all prior communications, representations or agreements, either oral or written, between the parties. This contract shall not be amended except in writing, signed by both parties.

Exhibit 5

LEAGUE of Oregon CITIES



League of Oregon Cities

Bylaws

SECTION 1. Purpose. The purpose of these bylaws is to provide procedures for the conduct of the affairs of the League of Oregon Cities and its Board of Directors.

SECTION 2. Authority to Adopt Bylaws. These bylaws are adopted pursuant to the authority granted to the Board by the Constitution of the League of Oregon Cities and the Intergovernmental Agreement of Oregon Cities.

SECTION 3. Fiscal Year. The fiscal year of the League of Oregon Cities is July 1 to June 30.

BOARD OF DIRECTORS AND BOARD MEETINGS

SECTION 4. Board of Directors.

(1) Authority and Power: The Board shall exercise general supervision over all of the affairs of the League. The powers of the Board include, but are not limited to: renting, leasing, purchasing, receiving or holding property, both real and personal, and renting, leasing, mortgaging, selling or otherwise disposing such property; establishing of annual membership dues; determination and implementation of League goals; approving an annual budget and planning expenditures; determining necessary standing or special committees and appointing or approving the method of appointment of membership; and entering into any kind of activity and performing contracts of any kind that may be necessary or desirable to the accomplishment of one or more purposes of the League.

Persons serving on the Board of Directors shall provide leadership in areas pertaining to statewide legislative policy and other League activities, and strive to keep communities within their geographic regions informed of pertinent policies and opportunities.

(2) Membership:

(a) Voting Members of the Board shall include:

(i) Four Officers: the President, Vice-President, Treasurer, and Immediate Past President; and

(ii) Eleven Directors, two of whom hold an appointed position with a member city and nine of whom are elected city officials.

(b) Non-Voting Members of the Board shall include:

(i) One individual who holds an appointed position with a member city;

(ii) Past Presidents who hold a city elected office; and

(iii) The Executive Director.

(3) Vacancies: Occurrence. The office of a member of the Board becomes vacant:

(a) Upon the incumbent's:

(i) Death,

(ii) Resignation from the Board, or

(iii) Ceasing to hold an elective or appointed position in a member city.

(b) The Board may declare a vacancy if the incumbent is absent from two Board meetings during the term of office without being excused by the President.

(c) A vacancy in the office of a member of the Board other than an officer may be filled for the unexpired portion of the vacant term by appointment of the President, subject to approval of the Board.

(d) A vacancy in the office of President shall be filled by the Vice-President. If there are fewer than 6 months remaining in the term of office, the President may at the conclusion of his/her partial term as President serve a full term in the office.

(e) A vacancy in the office of Vice- President shall be filled by the Treasurer. If there are fewer than 6 months remaining in the term of office, the Vice-President may at the conclusion of his/her partial term as Vice-President serve a full term in the office.

(f) A vacancy in the office of the Treasurer shall be filled by a vote of the Board from a slate of not more than two candidates forwarded by the Executive Committee. If there are fewer than 6 months remaining in the term of office that the Treasurer is elected to fill, the Treasurer may at the conclusion of his/her partial term as Treasurer serve a full term in the office.

(g) A vacancy in the office of Immediate Past-President shall be filled by appointment made by the President subject to approval of the Board, provided that the appointee shall be an individual who has previously served as President of the League and holds an elected position with a member city.

(h) A vacancy in the non-voting Director position reserved for an individual who holds an appointed position with a member city may be filled for the unexpired portion of the vacant term by appointment of the President subject to approval of the Board.

(4) Meetings and Quorum:

(a) Meetings of the Board may be held at any time upon five days notice by call of the President or any three members.

(b) Emergency and special meetings may be called by the President after 48 hours notice.

(c) A majority of the members of the Board then in office constitutes a quorum.

(d) Meetings and notice of the meetings shall be in compliance with the state public meetings law.

(e) When necessary, the Board may meet by conference call.

(5) Voting: The affirmative vote of the majority of members present is required for Board action.

(6) Chairperson, Vice-Chairperson: The President of the League is the chairperson of the Board, and the Vice-President serves as chair in the President's absence.

(7) Executive Committee: The Executive Committee of the Board is the President, Vice-President, Treasurer, Immediate Past President, and the most senior voting Director serving in a position reserved for an individual holding an appointed position with a member city. For the purposes of this section, the most senior voting Director serving in a position reserved for an individual holding an appointed position with a member city is the individual who holds an appointed position on the Board whose term is set to expire next. The functions of the Executive Committee include providing direction to the staff between Board meetings, and such other functions on behalf of the Board as the Board authorizes. The Executive Director is a non-voting member of the Executive Committee.

(8) Parliamentary Rules: Parliamentary questions may be decided by Roberts Rules of Order, Newly Revised.[1] The President may, with the consent of the Board, choose to establish his or her own working parliamentary rules. The President may appoint a person to serve as parliamentarian.

(9) Budget Committee: The Budget Committee is composed of the Executive Committee and a city finance director who is appointed by the President. The functions of the Budget Committee include assisting the Executive Director to prepare the annual budget and assisting in other financial matters as directed by the Board.

SECTION 5. League Officers, Directors and Non-Voting Board Positions.

(1) League Officers:

(a) Term of Office. The term of office for each Officer, except the Executive Director, shall be for one year and shall commence at the first Board meeting of the calendar year following the annual business meeting at which they were elected. The term shall expire immediately before the first Board meeting of the following calendar year. All Officers shall hold office until their successors are elected and qualified or appointed.

(b) Qualifications. The offices of President, Vice-President, Treasurer and Immediate Past President shall be held by elected city officials.

(i) The Vice-President shall be president-elect and shall automatically assume the presidency the following year unless the president became president due to a vacancy in the office and served fewer than six months, in which case the Vice-President shall automatically assume the presidency following the President's full term.

(ii) The Treasurer shall be vice-president elect and shall automatically assume the vice-presidency the following year unless the vice-president became vice-president due to a vacancy in the office and served fewer than six months, in which case the Treasurer shall automatically assume the vice-presidency following the Vice-President's full term.

(iii) The President shall be immediate past-president elect and shall automatically assume the immediate past-presidency the following year unless the President became President due to a vacancy in the office and served fewer than six months, in which case the President shall automatically assume the immediate past-presidency following the President's full term.

[1] Roberts Rules of Order, the most recent edition, may be consulted for the resolution of parliamentary questions. This can allow the chair, with the parliamentarian's assistance, and consent of the body, to rule in the most expedient way, without being called to adhere closely to Roberts Rules.

(c) Additional Duties.

(i) President: The President shall preside at meetings of the members and of the Board. The President may sign contracts, deeds, leases and other instruments or documents as authorized by the Board or as necessary to carry out the purposes of the League. The President shall perform all duties incident to the office of President and such other duties as may be prescribed by these Bylaws or the Board.

(ii) Vice-President: In the absence of the President, the Vice-President shall perform the duties of President, and when so acting, has all the powers of and is subject to all the restrictions placed upon the President. The Vice-President shall perform other duties that may be assigned by the President or Board.

(iii) Treasurer: The Treasurer is chair of the Budget Committee, shall sign the annual financial statement, and shall perform other duties that may be assigned by the President or Board.

(iv) Immediate Past President: The Immediate Past President is a voting member of the Board and the Executive Committee, and is the chair of the Nominating Committee.

(2) League Directors:

(a) Term of Office.

(i) Elected Officials. The term of office for each Director who holds an elected office with a member city shall be for three years. The terms shall expire immediately before the first Board meeting three years later.

(ii) Appointed Officials. The term of office for each director who holds an appointed position with a member city shall be for two years. The terms shall expire immediately before the first Board meeting two years later.

(iii) All Directors. The term of office for all Directors shall commence at the first Board meeting of the calendar year following the annual business meeting at which they were elected. All Directors shall hold office until their successors are elected and qualified or appointed.

(b) Qualifications. Nine Directors shall hold elective office with a member city and two directors shall hold an appointed position with a member city.

(i) All Directors. A Director may serve another term after a period of at least one year's absence from the Board. Directors appointed to fill an unexpired term of one year or less are eligible to run for a full term immediately subsequent to their expired term. Directors appointed to fill an unexpired term of more than one year are eligible to serve after at least one year's absence from the Board.

(ii) Directors who serve in a position reserved for an individual who holds an appointed position with a member city must perform duties for the member city that are substantially similar to the duties of a City Manager, City Administrator, Assistant City Manager or Assistant City Administrator. The individual who holds an appointed position with a member city who has been elected to serve as a non-voting Director shall automatically assume the open voting position on the Board reserved for individuals who hold appointed positions with member cities.

(c) Additional Duties. The most senior voting Director serving in a position reserved for individuals holding an appointed position with a member city shall also serve on the League's Executive Committee.

(3) Non-Voting Members.

(a) Past-Presidents. Past presidents who hold a city elected office are invited to be ex officio members of the Board, but shall not vote on matters coming before the Board. Past presidents holding city elected office are entitled to reimbursement for mileage only when attending Board meetings.

(b) Non-Voting Director Who Holds an Appointed City Position.

(i) Term of Office. The term of office for the non-voting member of the Board who holds an appointed position with a member city shall be for one year and shall commence at the first Board meeting of the calendar year following the annual business meeting at which the individual was elected. The term shall expire immediately before the first Board meeting of the following calendar year.

(ii) Qualifications. The non-voting Director who holds an appointed position with a member city must perform duties for the member city that are substantially similar to the duties of a City Manager, City Administrator, Assistant City Manager or Assistant City Administrator.

SECTION 6. Executive Director.

(1) The Executive Director shall be the chief executive officer of the League to carry out the policies and directions of the League and the Board. The Executive Director is responsible for the day-to-day operations of the League, its offices and its employees.

(2) The Executive Director serves as secretary to the Board and is responsible for the preparation of the Board meeting minutes and other official documents.

(3) The Executive Director shall have the authority to appoint, discipline and remove League employees; to establish, subject to the budget approved by the Board, the terms and conditions of their employment; and to define their duties and responsibilities.

(4) The Executive Director shall be responsible for all property and monies belonging to the League and is authorized, subject to the budget approved by the Board and all applicable laws and regulations, to enter into any and all contracts and agreements necessary for carrying out the purposes, operations and administration of the League.

(5) The Executive Director shall, in coordination with the Budget Committee, propose an annual budget to the Board in accordance with applicable budget laws and practices.

(6) The Board shall evaluate the Executive Director annually at its last meeting of the calendar year.

SECTION 7. Board Expenses.

(1) Board Meetings: Travel expenses for Board members for regularly scheduled meetings, except those held in conjunction with the League's annual conference, are paid by the League.

(2) League Conference: Except for the League President, Board members are responsible for their conference expenses. President's expenses connected with League business and the conference are paid by the League. If a Board meeting, scheduled in conjunction with the conference, requires Board members to arrive a day earlier than planned, the additional night's lodging is reimbursed by the League.

(3) Giving Testimony: Travel to Salem for reasons other than Board meetings is not usually reimbursed. However, travel for the purpose of giving testimony before the Legislature or attending various advisory or committee meetings, if at the League's request, may be reimbursed.

(4) LOC Regional Meetings: Expenses incurred by the League President or the President's representative when traveling to League-sponsored meetings are paid by the League when the person is a scheduled part of the program.

(5) National League of Cities Functions: Expenses incurred by the League President or the President's representative when attending the NLC spring and winter conferences, or when representing the League on federal issues in Washington, D.C., will be paid by the League. Expenses incurred in connection with NLC Policy and Steering Committee business are not reimbursable.

(6) Washington State League Annual Conferences: Expenses for the President's attendance at the Association of Washington Cities annual conference are paid by the League.

ELECTION OF OFFICERS

SECTION 8. Nominating Committee.

(1) Membership and Duties of the Nominating Committee: The Nominating Committee consists of the Immediate Past President as Chair, one Past President, two current Board members, and one city official not currently serving on the Board, appointed by the President. The President shall appoint the Nominating Committee members no later than 45 days prior to the League Annual Conference. The President shall fill any vacancies on the Committee by appointment.

(2) Selection of the Slate of Officers and Directors:

(a) In selecting a slate of Officers and Directors, the Nominating Committee shall take into account the current composition of the Board and:

(i) Shall ensure representation from all geographic regions of the state.

(ii) Should ensure that the slate includes an Officer or Director from a city with a population of over 400,000 if no such representative will continue to serve on the Board during the upcoming year. The Nominating Committee shall consider the recommendation of any city with a population over 400,000 regarding this position and may, based on such recommendation and notwithstanding any other section of these bylaws including section 5(2)(b)(1), nominate any person who holds an elected office with a city with a population over 400,000.

(iii) Should include representation from cities with small, medium and large populations.

(iv) Shall ensure that one nominee holds an appointed position with a member City for the non-voting Director position reserved for an individual who holds an appointed position with a member city.

(v) Shall ensure that three elected officials are nominated.

(b) The Nominating Committee may consider other factors or qualifications to ensure that the Board of Directors effectively represents all Oregon cities.

(c) After considering applications for League Officer or Director positions, the Nominating Committee shall forward a slate of candidates to the membership for a vote at the Annual Business Meeting.

SECTION 9. Nomination Procedures.

(1) Statement of Interest: A City official interested in running for an Officer or Director position should notify the Executive Director of his or her interest at least 45 days prior to the Annual Conference. Candidates for Director or Officer will be asked to fill out a Candidate Data Sheet which will be forwarded to the Nominating Committee.

(2) Nominating Committee Open Meeting: The Nominating Committee shall hold an open meeting at the Annual Conference, prior to the Annual Business Meeting. At the open meeting, the Nominating Committee will hear presentations from the candidates and, as time permits, statements in support of the candidates. The committee may accept additional candidates from the floor, even if these candidates have not previously given notice of their interest in an Officer or Director position.

(3) Selection of the Slate: After considering all candidates, the Nominating Committee shall propose a slate of candidates to the membership consisting of:

(a) The name of the current Vice President as the nominee for the position of President;

(b) The name of the current Treasurer as the nominee for the position of Vice President;

(c) One nominee for the position of Treasurer;

(d) The name of the current President as the nominee for the position of Immediate Past President;

(e) At least one, but no more than two nominees for each of three open Director positions reserved for elected officials of member cities;

(f) The name of the current non-voting Director who holds an appointed city position for the Director position reserved for an individual who holds an appointed position with a member city; and

(g) No more than one nominee for the non-voting Director who holds an appointed city position. The Nominating Committee shall consider the recommendation of the Oregon City/County Management Association (OCCMA) regarding this position.

(4) Prohibition Against Double Candidacy: A candidate may not be nominated for more than one position on a single slate.

SECTION 10. Annual Business Meeting Election of Officers and Directors

(1) All officers, three Directors who hold elected positions with member cities, one Director who holds an appointed position with a member city, and one non-voting Director who holds an appointed position with a member city shall be elected each year at the Annual Business meeting. The candidate for an Officer or Director position who receives the largest number of votes cast for that position at the Annual Business Meeting is elected to that position.

(2) Statements in support of nominees may be made from the floor during the Annual Business Meeting. The presiding officer may set time limits and adopt rules for the support statements, as needed. Nominations shall be accepted from the floor of the Annual Business meeting for the positions of Treasurer, Directors who hold an elected office with a member city, and the non-voting Director who holds an appointed position with a member city.

MEMBERSHIP MEETINGS

SECTION 11. Notice of Meetings. Notice of all meetings of the membership shall be given to the membership at least 10 days in advance of the meeting.

SECTION 12. Annual Meeting. An annual meeting of the League membership shall be held each year at a time and place determined by the Board of Directors.

SECTION 13. Special Meetings. Special meetings of the League membership may be called by the President or the Board at any time by giving the appropriate notice to each member city that states the purpose of the meeting.

SECTION 14. Regional Meetings. Regional meetings may be called at any time by the President or the Board.

SECTION 15. Procedural Rules. At any meeting of the membership, all questions of parliamentary procedure shall be governed by Roberts Rules of Order, Newly Revised.

SECTION 16. Voting.

(1) Each member city is entitled to only one vote on any action by the membership.

(2) An affirmative vote of the majority of the members voting is necessary to decide an action before the members.

LEAGUE POLICY

SECTION 17. Oregon Municipal Policy; Amendments.

(1) Oregon Municipal Policy (OMP) is the statement of policy positions developed by member cities of the League.

(2) Amendments to OMP may be made only at the annual meeting of the membership.

(3) Amendments must be submitted to the League at least 30 days before the annual meeting.

(4) (a) Notwithstanding subsection (3), an OMP amendment may be submitted after the 30-day deadline established in subsection (3) if it is submitted by a member city or an affiliate organization in writing to the Board at its public meeting during the League's annual meeting.

(b) The amendment shall be considered by the full membership at the business meeting if approved for consideration by the Board.

SECTION 18. Policy Committees.

(1) The Board may create policy committees as part of the Board's policy development process. The committees will make recommendations to the Board of Directors on proactive and defensive positions in the legislative process and participate in revisions to the Oregon

Municipal Policy, and serve as a focus group when necessary to assist staff with assessing policy issues.

(2) Policy committees are to be composed of appointed and elected city officials with knowledge of or interest in the subject area of the policy committee. An effort will be made to seek representation from city officials in cities of different population sizes and in all geographic areas of the state. The League will solicit participation in policy committees in September and October of odd-numbered years. The President will appoint members to committees in November of odd-numbered years. Committee members will serve two-year terms beginning in January of even-numbered years. At the end of the two-year term, committee members must reapply for reappointment. In making committee appointments, the President will consider previous committee participation and service.

(3) Committee chairs and vice-chairs will be appointed by the President in November of odd-numbered years. Committee chairs and vice-chairs will serve two-year terms beginning in January of even-numbered years. A vacancy in the chair or vice-chair will be filled by appointment by the President. The term of a person appointed to fill a vacancy runs from appointment until expiration of the term of office of the last person appointed to that position.

(4) Liaisons. With the approval of the Committee Chair and Executive Director, interested parties may be allowed to participate in committee work as non voting liaisons.

(5) Procedures. Committees are public bodies and subject to Oregon public meetings law. A quorum of the committee consists of one-third of the members. Committee members may participate in meetings by phone. Decisions will be made by consensus unless the committee chair desires a vote on a matter.

(6) Even-Numbered Years. In even-numbered years, policy committees will meet three to four times between January and June to review and propose revisions to existing legislative policies; to develop recommendations on priorities for legislative action, both proactive and defensive; and to review any proposed amendments to the Oregon Municipal Policy. Following this process, member cities will be asked to provide input on legislative priorities for Board consideration on or before its September meeting. The Board will develop a two-year legislative agenda no later than its September meeting and an update of its strategic focus on long-range issues at its end-of-the-year meeting.

(7) Odd-Numbered Years. In odd-numbered years, committees will meet when necessary as determined by the Executive Director in consultation with the committee chair and the League's Legislative Director in order to review policy positions and respond to emerging legislative issues. When necessary, the Board will review recommendations submitted by policy committees and adopt such changes to legislative priorities as may be advisable.

(8) Policy committees may be asked to meet outside their regular schedule as specific issues may require or be asked to respond to e mail or other inquiries seeking input on legislative issues and policies.

SECTION 19. Resolutions.

(1) Resolutions are:

(a) Statements of definitive responses to current situations;

(b) Proposed amendments to the Constitution;

(c) Proposed amendments to the Bylaws; and

(d) Statements of commendation.

(2) Resolutions may be adopted by the membership at the Annual Meeting, but do not limit the authority of the Board of Directors to adopt policy positions as necessary throughout the year.

(3) Resolutions shall be considered by the full membership at the business meeting if submitted to the League 30 days before the annual meeting and if approved for consideration by the Board.

(4) (a) Notwithstanding subsection (3), a resolution may be submitted after the 30-day deadline established in subsection (3) if it is submitted by a member city or an affiliate organization in writing to the Board at its public meeting during the League's annual meeting.

(b) The resolution shall be considered by the full membership at the business meeting if approved for consideration by the Board.

(5) (a) Resolutions may be amended at the annual meeting provided that the amendment does not alter the resolution's intent and it is approved by a majority of the votes cast by the members eligible to vote at the business meeting.

(b) Resolutions shall be adopted only if approved by a majority of the votes cast by the members eligible to vote at the business meeting or, for a constitutional amendment, by two-thirds of the votes cast by the members eligible to vote at the business meeting.

SECTION 20. Other Committees. In addition to policy committees, the Board may create such committees as it considers necessary. Committees shall be charged with such duties and comprised of such members as may be determined by the Board.

MEMBERSHIP CATEGORIES

SECTION 21. Full Membership.

(1) A city may become a member by paying the membership dues for the current year and adopting the Intergovernmental Agreement of Oregon Cities.

(2) Full membership entitles a city to all services provided by the League, including insurance services provided by the CityCounty Insurance Services (CIS) and voting privileges at the annual business meeting.

SECTION 22. Sponsorships. Upon approval of the Executive Director, a person or entity may be allowed to participate in a sponsorship role with the League. Sponsors may be recognized for their sponsorship and receive benefits based on the level of support provided to the League.

SECTION 23. Associate Membership.

(1) Associate members may participate in CityCounty Insurance Services (CIS) insurance and risk management services, subject to adopted CIS policies. Entities that qualify for associate membership may become associate members by paying annual dues, in an amount set by the Board, and upon approval by the Executive Director.

(2) Associate member status is available to the following public bodies that are not cities or counties and that therefore are ineligible for direct membership in the League or in the Association of Oregon Counties:

(a) An Oregon political subdivision

(b) An Oregon municipal or public corporation

(c) An instrumentality of an Oregon city, political subdivision, municipal or public corporation

(d) Any intergovernmental agency, department, council, joint board of control in Oregon created under ORS 190.125, or other like entity which is created under ORS 190.003 to 190.125, which does not act under the direction and control of any single member government, provided that:

(i) the public body is created by a city under statutory or home rule charter authority, OR provides a service a city itself would otherwise have to provide within its own boundaries, AND

(ii) the public body maintains Associate Member status in LOC.

(3) Associate members are entitled to all services provided for subscribers.

(4) Associate members are not entitled to:

(a) Voting privileges

(b) Serve on League committees

(c) Legislative lobby services

AFFILIATES

SECTION 24. Recognized Affiliates.

(1) An affiliate organization is one that is:

(a) Composed of local government officials;

(b) Formally organized under a constitution or bylaws, or both; and

(c) Recognized by the Board.

(2) Affiliate groups are self-supporting and are not subsidized by the League.

(3) The League may provide services to affiliate groups for reimbursement, based on available resources and Board approval.

AMENDMENTS

SECTION 25. Amendments. The Bylaws may be amended by the Board.

(These Bylaws were last amended and approved by the LOC Board of Directors on December 6, 2013.)

Exhibit 6

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Index No.: 0115.04-00

Person to Contact:
Gerald A. Consalvi
Telephone Number:
(202) 566-8993
Refer Reply to:
CC:IND:Br.8/TR-31-3140-87
Date: SEP 25 1987

City/County Insurance
Services Trust
P.O. Box 928
Salem, OR 97308

Attention: Mr. Noel Klein

Legend

Trust	=	City/County Insurance Services Trust TIN: 93-0895340
League	=	The League of Oregon Cities TIN: 93-6001599
Association	=	Association of Oregon Counties TIN: 93-6013897
State	=	Oregon

Dear Mr. Klein:

This is in reply to your request for a ruling, submitted by your authorized representative in a letter dated June 1, 1987, that the income of the Trust is excludable from gross income under section 115 of the Internal Revenue Code.

The Trust was created in 1981 by the Association and by the League in order to accomplish the following:

(1) to make available for the members of the League and the Association liability, property, and worker's compensation coverage at a shared reduced cost funding;

(2) to operate for the League and the Association a pooled indemnity retention fund for members of the League and the Association and to establish an actuarially sound contribution schedule for the participants; and

(3) to make available to the members of the League and the Association a resource of expertise in the management of risk loss prevention and control through management, consulting, data and information services.

City/County Insurance Services Trust

The League and the Association members are intergovernmental agencies authorized under State statutes. Currently, 237 cities within the State are members of the League. All 36 State counties are members of the Association. Eligibility for participation in the Trust is limited to cities, counties, or an agency, a council, or a department thereof, located in the State.

Chapter 30.282, State Revised Statutes, provides that two or more governing bodies in the State may procure liability coverage jointly by intergovernmental agreement or, as in this case, through an indemnity pool. Chapter 656.430, State Revised Statutes, authorizes group coverage for workers' compensation through an intergovernmental entity for the benefit of governing bodies in the State. Chapter 190, State Revised Statutes, permits political subdivisions to enter into intergovernmental agreements to provide for a program of jointly insuring property damage for the property of the entities who sign the agreement.

The Trust is governed by a Board of six Trustees: three are appointed by the League and three are appointed by the Association. Each trustee must be an elected or appointed official of a city or council that is a member of the League or the Association. The League and the Association must approve all Trust programs and expenditures and annually review the Trust's financial statements.

The Trust income will come from premiums paid by participants and investment income from premiums received. Investment income in excess of obligations of the Trust may be distributed only to participants in the Trust program, either directly or indirectly by way of reduced premiums or other assessed fees or through additional indemnity coverage for all participants. However, any such distributions shall be based upon the proportionate premiums, contributions, and fees paid by participants since the last distribution. Income may not accrue to nonparticipants in the Trust program.

Upon dissolution or termination of the Trust, any assets remaining after satisfying all Trust debts and obligations shall be distributed to a plan that furthers the purposes of the Trust upon approval of the Board, the League and the Association. If such a distribution is not made to a plan within 180 days of the dissolution or termination of the Trust, the remaining assets of the Trust will be distributed to those participants of the Trust in proportion to their respective payments made to the Trust during the 12-month period preceding its dissolution or termination.

City/County Insurance Services Trust

Section 115 of the Code provides that gross income does not include income derived from the exercise of any essential governmental function and accruing to a state or a political subdivision of a state.

In Rev. Rul. 77-261, 1977-2 C.B. 45, the income from an investment fund, established pursuant to State X law for the temporary investment of cash balances of State X and its participating political subdivisions, is held to be excludable from gross income under section 115 of the Code. That ruling reasons that the investment of positive cash balances by a state or political subdivision thereof in order to receive some yield on the funds until needed to meet expenses is a necessary incident of the power of the state or political subdivision to collect taxes and other revenue for use in meeting governmental expenses. In addition to concluding that income from such an investment activity was income from the exercise of an essential governmental function, the ruling also concluded that since State X and its participating political subdivisions had an unrestricted right to their proportionate share of the investment fund's income, the fund's income accrued to them. However, despite the fact that the income of the investment fund was excludable from gross income under section 115 of the Code, that ruling holds a federal income tax return must be filed each year by the investment fund because it was classified as a corporation.

The provision of financial protection against casualty losses and property damage, as well as workers' compensation, by the Trust is an enterprise that is desirable from the standpoint of these units of local government because use of the Trust fulfills the need of the government to provide these types of protection at a lower cost than could be obtained commercially. The participation of these units of local government in the Trust is an activity within the function of a sovereign to conduct because these units of local government must take steps to protect their financial security and must provide workers' compensation for their employees in some manner. Thus, the Trust is performing an essential governmental function that is within the scope of section 115 of the Code.

With respect to the requirement in section 115 of the Code that the income accrue to the state or a political subdivision thereof, the income of the Trust is to be used for the provision

City/County Insurance Services Trust

of liability protection or the payment of claims or is to be returned to the participating units of local government. Upon dissolution of the Trust and after the satisfaction of all the obligations of the Trust, the members are entitled to a return of the remaining assets on a pro rata basis. Accordingly, the Trust's income accrues to the various units of local governments (political subdivisions of a state) within the meaning of section 115 of the Code.

Based on the above, it is our conclusion that the Trust's income is excludable from gross income under section 115 of the Code. However, no opinion is expressed as to the federal tax consequences of the transaction described above under any other provision of the Code. Further, this ruling is limited to the information submitted under the existing arrangement.

This ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with a power of attorney submitted, a copy of this letter has been sent to your authorized representative.

Sincerely,

Richard Grosgebauer

Richard Grosgebauer
Chief, Branch 8
Individual Tax Division

Enclosure:
Copy for section 6110 purposes

Exhibit 7

CITY COUNTY INSURANCE SERVICES
DECLARATION AND AGREEMENT OF TRUST

THIS DECLARATION AND AGREEMENT OF TRUST (thc 2008 CIS TRUST) is made this 1st day of October, 2008 by and between the LEAGUE OF OREGON CITIES ("League") and the ASSOCIATION OF OREGON COUNTIES ("Association"), acting through their respective Boards of Directors. It revises and restates the November 18, 1994 CITY/COUNTY INSURANCE SERVICES DECLARATION AND AGREEMENT OF TRUST and October 1, 2000 CITY COUNTY INSURANCE SERVICES AGREEMENT AND DECLARATION OF ADMINISTRATIVE TRUST, and sets forth the common governance and consolidated administration of a group of funds, administered as trusts, which support employee health and welfare benefits programs and property, liability and workers' compensation risk retention programs of participating members of the League and the Association and affiliated groups.

RECITALS

1. Parties to the Agreement.

The LEAGUE (as defined herein, see Article 1) was established by intergovernmental agreement pursuant to Oregon Revised Statutes Chapter 190 to perform governmental purposes and functions, to promote the common interests of its member cities and to institutc programs to assist those membcrs in performing their propcr functions at the lcast cost to their taxpaycrs.

The ASSOCIATION (as defined herein, see Article 1) was created by its member counties pursuant to Oregon Revised Statutes Chapter 190 to perform governmental purposes and functions, to promote the common interests of its member counties and to institute programs to assist those members in performing their proper functions at the least cost to their taxpayers.

The League and Association are authorized by ORS 30.282 and ORS 190.010 to establish by trust or agreement a means to provide risk management and insurance services to their members.

2. Trust History

On June 22, 1958, the League established a trust known as the League of Oregon Cities Insurance Trust to provide employee welfare benefits to employees of League members. The trust was revised and restated November 1, 1984, and its name was changed to the League of Oregon Cities Employee Benefits Services Trust ("EBS Trust"). The EBS Trust Agreement was restated on October 14, 1988. The Agreement is attached and incorporated as Exhibit A. To the extent the EBS Trust Agreement conflicts with this Declaration, this Declaration is controlling so long as thc EBS Trust is administered as a Trust Fund pursuant to this Declaration.

On March 11, 1960, the Association established a trust known as the Association of Oregon Counties Insurance Trust ("AOCIT") to provide employee welfare benefits to employees of Association members. The AOCIT was revised January 1, 1993, restated on July 1, 1993. The Agreement is attached and incorporated as Exhibit B. To the extent the AOCIT Trust Agreement conflicts with this Declaration, this Declaration is controlling so long as the AOCIT Trust is administered as a Trust Fund pursuant to this Declaration.

On July 1, 1981, the League and the Association established the City/County Insurance Services Trust (the "1981 CIS Trust") to provide property, liability and workers' compensation insurance coverage to their members. The 1981 CIS Trust was revised February 1, 1988, and again on April 16, 1993. That Trust is revised and re-named as the "CIS Property/Casualty Trust" by Amendment adopted concurrent with this Declaration and Agreement of Trust on October 1, 2008. That Declaration and Agreement is attached and incorporated as Exhibit C. To the extent that "CIS Property/Casualty Trust" conflicts with this Declaration, this Declaration is controlling so long as the CIS Property Casualty Trust is administered as a Trust Fund pursuant to this Declaration.

On November 18, 1994, the April 16, 1993 CIS Trust Agreement was amended to establish a successor trust, CITY-COUNTY INSURANCE SERVICES TRUST (The TRUST) and a successor Board of Trustees. The principal purpose of this Agreement was to consolidate administration of the trust funds referenced above as Exhibits A, B and C, in the Board of Trustees of the successor TRUST.

On October 1, 2000, a further Declaration established the "ADMINISTRATIVE TRUST") as a revision and restatement of the 1994 Trust Declaration. Its principal purpose was to consolidate administration of the EBS Trust, the AOCIT, and the CIS Trust in the Board of Trustees of the ADMINISTRATIVE TRUST, described as an intergovernmental entity as permitted by ORS 190.010(5) to be known as City County Insurance Services (CIS).

This Declaration, effective October 1, 2008, is a revision and restatement of the 1994 and 2000 Agreements relating to consolidated administration. It directs the Board of Trustees of the CIS TRUST to administer, pursuant to this Declaration, the three Trust Funds referenced above as Exhibit A, B, and C, to accomplish the further objectives set forth below.

3. Objectives

In furtherance of the above, the LEAGUE and the ASSOCIATION, for the benefit of their respective members, agree:

A. To continue and improve the CIS Property/Casualty Trust Fund whereby the risks incurred by their member governments in the areas of tort liability, property loss, and workers' compensation may be effectively and economically managed, and whereby insurance and self-insured retention of such risks may be most responsibly and economically funded.

B. To continue to provide and improve CIS Benefits Trust Funds (EBS and AOCIT) to which premiums and payments from participating employers and premiums and payments, if any, from participating employees can be paid and through which the Trust Funds can create and administer health and welfare benefit plans, including (a) life, dependent life, accidental death and dismemberment insurance; (b) health benefits; and (c) disability benefits for non-occupational illness or injury, according to sound actuarial and underwriting principles.

C. To consolidate administration, under the CIS TRUST Board of Trustees, of the Trust Funds described above as Exhibits A, B and C.

IN CONSIDERATION of the benefits to be derived for their respective members, and the mutual covenants and conditions herein contained, the LEAGUE and the ASSOCIATION declare and agree as follows:

ARTICLE 1. DEFINITIONS

"Administration". Administration includes, without limitation, payment of costs and expenses, in each Trust Fund consolidated under the CIS TRUST, related to underwriting and excess insurance or reinsurance, loss prevention and risk management services, claims administration, benefits administration, data processing, financial accounting, member services and other Trust expenses, whether performed by the Trust or a Service Company. Capital expenditures for facilities and equipment necessary to carry out the purposes of a Trust Fund shall be deemed as part of Administration.

"Administrator" means, the Executive Director of the CIS TRUST.

"AOC" or "ASSOCIATION" means the Association of Oregon Counties, an intergovernmental agency established under the laws of the State of Oregon and having a principal place of business in Salem, Oregon.

"AOCIT" means the Association of Oregon Counties Insurance Trust, the AOC sponsored employee health and welfare benefits Trust Fund.

"Beneficiary" means, for the CIS Benefits Trust Funds, an employee, a dependent thereof, or a retiree, or a dependent thereof, of a Participating Employer, or otherwise legally designated recipient of benefits, who is, or shall be, entitled to receive benefits from the Trust Plans; or a spouse or a dependent of an employee or a retiree of a Participating Employer who is, or shall be, entitled to receive benefits from the Trust Plans.

"Board of Trustees" or "CIS Board of Trustees" mean the trustees appointed to administer Trust Funds established by LOC and AOC and described in the Trust Agreement.

"Bylaws" means the bylaws adopted by the Board of Trustees as authorized by Article 5.1.16 of this Declaration and Agreement of Trust.

"Carrier" means, for CIS Benefits, any commercial insurance company, health maintenance organization or health care service contractor organization issuing a contract under the terms of which benefits are provided by the Trust Plans and may include the Trust Plan itself if the Trust Plan is a self-insurer.

"CIS Benefits" means the EBS and AOCIT employee benefits health and welfare Trust Funds described in the Recitals as Exhibits A and B.

"CIS Property/Casualty Trust" means the Trust Fund described in the Recitals as Exhibit C and formerly named "CITY/COUNTY INSURANCE SERVICES TRUST".

"CIS" or "CIS TRUST" means the group of funds administered as trusts, which support employee health and welfare benefits programs and property, liability and workers'

compensation risk retention programs of participating members of the League and Association and affiliated groups

"Contribution" means required payments for the Pooled Risk Retention Program to establish Loss Funds and any other necessary or prudent reserves, to purchase reinsurance and/or excess insurance in the name of the Trust, and to provide Administration. The term Contribution includes both "initial contribution" and "deferred contribution" as those terms are described in CIS Rule #1 Loss Fund Protection and Surplus Distribution. The term Contribution does not include Premiums paid to the Trust for any Insurance Program provided on a group purchase or individual basis and passed through to an Insurer, or Fees charged to a Member under an Unbundled Services contract.

"Coverage Agreement" means the agreement between the CIS TRUST and a Member describing the terms and conditions of coverage provided in consideration of the Contribution received from the Member. A separate Coverage Agreement shall exist for each Line of Coverage made available by the Board of Trustees.

"Dependent" means, for CIS Benefits, a dependent as defined in any policy or other form of coverage selected by the Board of Trustees.

"EBS" or "Employee Benefits Services Trust" means the LOC sponsored employee health and welfare benefits Trust Fund

"Employer" means, for the EBS Trust, any city, municipality, public agency, public corporation, special service district, governmental agency or governmental unit within the State of Oregon.

"Employer" means, for AOCIT, any county, public agency, public corporation, special service district, governmental agency or governmental unit within the State of Oregon.

"Fee" means the amount charged to a Member by the CIS TRUST for the provision of Unbundled Services.

"Governance Policy" means the governance policy adopted by the Board of Trustees as authorized by Article 5.1.16 of this Declaration and Agreement of Trust.

"Insurance Program(s)" means a coverage program by an Insurer offered by the Trust to Members as authorized by the Trustees.

"Insurer" means any insurance company providing any insurance contract to the Trust and providing any benefit, directly or indirectly, for any Member including, but not limited to, any such policy that the Trustees deem necessary or prudent for the proper operation of the Trust.

"Line of Coverage" means each separate type of coverage offered by the Pooled Risk Retention Program for which Members make Contributions to the Trust. The terms and conditions of coverage for each Line of Coverage shall be as set forth in the Coverage Agreement for that Line of Coverage.

"LOC" or "LEAGUE" means the League of Oregon Cities, an intergovernmental agency established under the laws of the State of Oregon and having a principal place of business in Salem, Oregon.

"Loss Fund" means all Contributions made by Members for a Line of Coverage in a Pooled Risk Retention Program pursuant to a Coverage Agreement, Trust Agreement, Bylaws, Rules or other agreements pursuant or incident thereto.

"Member" means any city, county or other entity which satisfies the eligibility and membership requirements set forth in the Bylaws, participates in one or more Trust Programs, and whose membership has not been terminated or suspended pursuant to the process described in the Bylaws.

"Participating Employee" means for CIS Benefits, an elected official or employee of a Participating Employer on whose behalf contributions are made to the Trust Plan.

"Participating Employer" means for CIS Benefits, an Employer which has qualified and agreed to participate in a Trust Plan offered by EBS or AOCIT and has Participating Employees.

"Plan Year" means for CIS Benefits, the period of time from August 1 to July 31.

"Policy" means, for CIS Benefits, a Policy of Insurance or any contract issued pursuant to the Trust Plan under which benefits are provided to a Participating Employee or a Beneficiary.

"Policy of Insurance" means the Insurance Program issued by an Insurer describing the terms and conditions of coverage in consideration for payment of a Premium.

"Pooled Risk Retention Program" means the property, liability, workers' compensation and any other Lines of Coverage offered as a risk sharing program in which Members agree to make Contributions in exchange for coverage of risks as described in a specific Coverage Agreement.

"Premium" means any sums paid or payable as consideration for coverage granted pursuant to a Policy of Insurance.

"Rules" means rules adopted by the Board of Trustees as authorized by Article 5.1.15 of this Declaration and Agreement of Trust.

"Trust" means the CIS TRUST described in this document and, as the context requires, all funds, property and assets of the Trust Funds administered by the Trust.

"Trust Agreement" means this document entered into by AOC and the LOC effective October 1, 2008, and as amended from time to time.

"Trustee" means each person then serving as a Trustee pursuant to the Trust Agreement.

"Trust Fund(s)" means EBS Trust, AOCIT or the CIS Property/Casualty Trust, so long as such Trust Funds are administered pursuant to this Declaration and Agreement of Trust.

"Trust Plan(s)" means the health and welfare benefits Plan(s) offered by EBS and AOCIT.

"Trust Program(s)" means Insurance Programs, the Pooled Risk Retention Program, or Unbundled Services, individually or collectively.

"Unbundled Services" means claims administration, risk management or other services provided on a Fee basis under a contract between a Member and the CIS Trust, not in connection with an Insurance Program or Pooled Risk Retention Program.

ARTICLE 2. THE CIS TRUST

2.1 The CIS TRUST is an intergovernmental entity established by LOC and AOC pursuant to ORS 190.010(5) as a trust created for the purposes set forth in Article 4 of this Declaration. While the CIS TRUST is created expressly for the benefit of certain political subdivisions, the CIS TRUST is not itself a political subdivision. The CIS TRUST is a "public body" as that term is defined in ORS 30.260(4)(b). The CIS TRUST is also a "public corporation" as that term is defined in ORS 297.405(6) and applied in ORS 307.090(1). The CIS TRUST shall in all respects be governed by the laws of the state of Oregon and shall be administered as herein provided to accomplish the purposes contained expressly and by necessary implication herein. The debts, liabilities, or obligations of CIS are not the debts, liabilities, or obligations of LOC or AOC, or of the members of LOC or AOC, or of CIS Members, except to the extent of agreed Premiums, Contributions, or Fees.

2.2 It is intended that the maintenance and administration of the Trust Fund Accounts shall constitute the exercise of essential government functions within the meaning of Section 115(1) of the Internal Revenue Code.

2.3 Except as otherwise provided herein, the assets of the Trust Fund shall be held in trust and shall be administered and disposed of by the Trustees as provided in the Trust Agreement. The interest of others in the Trust Fund shall be only the right to have such assets received, held, invested, administered and distributed in accordance with the provisions of the Trust.

2.4 The LEAGUE and the ASSOCIATION separately established the CIS Benefits Trust Funds (EBS and AOCIT) as trust funds into which premiums and payments from participating employers and premiums and payments from participating employees (if any) can be paid, and through which the trustees can create and administer Trust Plans according to sound actuarial and underwriting principles. CIS Benefits Members currently participate in the purchase of regulated group health insurance programs as described in ORS 743.522(1)(c). Trustees have been certified by the Oregon Insurance Division as eligible group policyholders under ORS 743.526(2). CIS Benefits Trust Funds may also be offered as joint self-insured health insurance programs, in which case they are exempt from the State Insurance Code under ORS 731.036(6), provided certain conditions are met.

2.5 Acting as local public bodies under the authority of ORS 30.282(3) and exercising the authority of their respective city and county members, the LEAGUE and the ASSOCIATION, established by intergovernmental agreement a Trust Fund so that their members could jointly self-insure with the Trust Fund for liability and property insurance coverage and related risk management services. ORS 731.036(4) & (5) exempts these arrangements from application of

the State Insurance Code. The CIS Trust Workers' Compensation Group was approved as a self-insured employer under ORS 656.407 in Oregon effective July 1, 1986 and is subject to regulation by the State Workers' Compensation Department.

2.6 The EBS Trust, AOCIT and CIS Property/Casualty Trust continue to exist as Trust Funds, each subject to its own Declaration of Trust. In the context of this Declaration, each of these trusts are referred to as a "Trust Fund" while subject to consolidated administration pursuant to the provisions of this Declaration. In the event of either a dissolution of the CIS TRUST, or separation of any of these Trust Funds from the CIS TRUST (whether by operation of Article 9, or as a result of any other event or mechanism), any Trust Fund no longer subject to this CIS TRUST Declaration shall revert to its status as an autonomous trust.

ARTICLE 3. BOARD OF TRUSTEES.

3.1 The CIS TRUST shall be governed by a Board of Trustees composed of ten Trustees. Four Trustees shall be appointed by the Board of Directors of the LEAGUE and four shall be appointed by the Board of Directors of the ASSOCIATION. The Executive Directors of the LEAGUE and the ASSOCIATION shall serve as Trustees. The LEAGUE and the ASSOCIATION, with respect to the Trustees appointed by each, shall adopt their own rules and procedures for the appointment, tenure, and removal of Trustees, subject to the following minimum standards:

3.1.1 If Trustees are appointed for a fixed term, terms shall be for no less than one year, and shall be staggered so that no more than one LEAGUE-appointed Trustee's term, and no more than one ASSOCIATION-appointed Trustee's term expires during any calendar year.

3.1.2 As a qualification for appointment and continued service, each appointed Trustee shall be an elected or appointed official of a city or county which is a member of the LEAGUE or ASSOCIATION appointing the Trustee and which is a participant in one or more Trust Program(s) offered by the CIS TRUST.

3.1.3 In order to insure the faithful, independent, and impartial exercise of judgment and discharge of their obligations, Trustees shall, during their term of office, be subject to removal only for good cause. Nonattendance at three consecutive regular board meetings shall constitute good cause.

3.1.4 No Trustee shall serve, and no appointment shall be effective until such appointee acknowledges in writing full and unconditional acceptance of the terms of this Declaration and Agreement.

3.2 In the event of a Trustee's resignation, ineligibility (including disqualification under Paragraph 3.1.2 hereof), removal, or refusal to act, a successor Trustee shall be appointed as provided in Paragraph 3.1 hereof.

3.2.1 If the Trustee being replaced was serving a fixed term, the successor Trustee shall be appointed to serve the remainder of the unexpired term.

3.2.2 In the event that a Trustee shall cease to be qualified pursuant under Paragraph 3.1.2 hereof as an elected or appointed official, such Trustee may continue to serve for a period of 90 days or until appointment of a successor, whichever shall come first.

3.2.3 In the event that a Trustee shall cease to be qualified under Paragraph 3.1.2 hereof as an elected or appointed official of a participant in one or more Trust Programs offered by the CIS TRUST, such Trustee may continue to serve for a period of one year, or until appointment of a successor, whichever shall occur first.

3.2.4 If a Trustee, within the times set forth in Paragraphs 3.2.2 or 3.2.3 above, shall again be qualified to serve, then such Trustee shall continue to serve as if such period of disqualification had not occurred.

3.3 Should a vacancy exist among the Trustees, the remaining Trustees shall have full power to act as the Board of Trustees.

3.4 Trustees, officers and designated representatives of the CIS TRUST shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties.

3.5 Trustees, officers and employees of the CIS TRUST shall be entitled to all rights, indemnities, immunities and defenses as provided to other public officials pursuant to the Oregon Tort Claims Act

3.6 The Board of Trustees shall require designated persons performing services to the Trust Programs administered by the CIS TRUST under the above provisions to be bonded or insured in a form and amount set by the Board of Trustees.

3.7 The Board of Trustees shall be chaired by one of the appointed members chosen in accordance with the Board of Trustees' bylaws, and, in the absence of the chair, by a vice-chair chosen in accordance with the bylaws; provided, however, that the chair and vice-chair shall alternate annually between appointees of the LEAGUE and the ASSOCIATION so that each body is represented by an appointee holding one office or the other in any year, and the following year the representation is reversed.

3.8 The Board of Trustees shall hold an annual meeting between January 1 and June 15 of each year, and shall meet at such other times as may be necessary with the concurrence of any six Trustees or upon call of the chair. At the request of the LEAGUE or the ASSOCIATION, the Board of Trustees shall meet with Boards of Directors of the LEAGUE or the ASSOCIATION, jointly or separately.

3.9 Six Trustees shall constitute a quorum; provided, however, that if there are three or more vacancies in Trusteeships, the remaining Trustees shall constitute a quorum and shall have full power to transact business and act for the CIS TRUST.

3.10 All CIS TRUST action shall require affirmative votes of a majority of the members of the Board. Trustees may participate in meetings telephonically or by means of a similar off-site communications device consistent with state law.

3.11 The chair or vice-chair of the Board of Trustees shall execute on behalf of the CIS TRUST all contracts, documents, and pleadings as may be approved by the Board of Trustees; provided that the Board of Trustees may delegate to any person or firm engaged pursuant to Paragraphs 5.1.2, 5.1.3, or 5.1.4, 5.1.12 a limited agency authority to bind the CIS TRUST in certain cases or kinds of transactions to be specified in writing by the Board of Trustees.

ARTICLE 4. PURPOSES OF CIS TRUST.

4.1 The express purposes and primary objectives of the CIS TRUST are:

4.1.1 To provide for the consolidated administration of the Trust Funds described in the Recitals.

4.1.2. To make available to the LEAGUE and ASSOCIATION, and to those members who choose to participate, membership services in the form of a broad array of risk management services, including but not limited to employee benefits plans, risk financing, loss prevention and loss control programs, claims management and legal representation, risk management consulting, data gathering, information sharing, training and related services;

4.1.3 To stabilize costs associated with financing risk by aggregating the collective buying power of LEAGUE and ASSOCIATION members to secure the economic advantages of group purchase, joint self-insurance and pooled risk retention;

4.1.4 To assure that there is available to LEAGUE and ASSOCIATION members a market for liability, property and workers' compensation insurance coverage appropriate to the risks to which such members are exposed;

4.1.5 To create and administer health and welfare benefit plans according to sound actuarial and underwriting principles for members of the LEAGUE and ASSOCIATION, and such other local governments whose participation may be approved by the LEAGUE and the ASSOCIATION.

4.1.6 To create and administer a Pooled Risk Retention Program for members of the LEAGUE and ASSOCIATION, and such other local governments whose participation may be approved by the LEAGUE and ASSOCIATION, and to establish actuarially sound contribution schedules for participants at appropriate retention levels;

4.1.7 To provide leadership in collaboration with CIS Members, the LEAGUE and the ASSOCIATION in presenting to appropriate legislative and administrative bodies and committees information related to the Trust Funds administered pursuant to this Declaration.

4.1.8 To receive, account for, invest, and disburse, as lawfully due and payable, moneys collected from participating cities, counties and other local governments as premiums, fees, and other contributions to the Trust Funds administered by the CIS TRUST and to establish and maintain reserves reasonably required to provide security and stability to each Trust Fund.

4.1.9 To be a leader in working with other programs and affiliates of the League and Association on issues of joint interest.

4.1.10 To recognize the diversity of Oregon's cities and counties and make every effort to design and actively market innovative and competitive risk management products and services appropriate for their wide range of needs and interests.

4.2 The above purposes and objectives of the CIS TRUST shall be construed to include those purposes stated in the Trust Funds described in the Recitals.

4.3 The foregoing expression of purposes is not exhaustive, and in addition to other related objectives reasonably inferred from that list, the CIS TRUST may pursue such other objectives as are lawful and consistent with this Declaration.

4.4 To the extent of any conflict or inconsistency between the administrative provisions of this Declaration and the declarations of the Trust Funds described in the Recitals, this Declaration shall control.

ARTICLE 5. POWERS, DUTIES, AND FUNCTIONS OF BOARD OF TRUSTEES.

5.1 In furtherance of the purposes set forth above, the Board of Trustees shall have the following powers and duties:

5.1.1 To act as the trustees of the Trust Funds described in the Recitals, to exercise the trustee powers described in the declarations of those Trust Funds, and to administer those Trust Funds as described in this Declaration.

5.1.2 To review and approve policy forms, service contract forms, and other documents appropriate to the operation of the Trust Funds and to establish the limits of authority of the persons engaged under Paragraphs 5.1.3, 5.1.4 and 5.1.5.

5.1.3 To engage, employ and oversee the services of competent administrators and other staff to provide the Trust Funds administered by the Board and their members with risk management and insurance related services including such benefits plans, underwriting, claims reporting and adjusting, record keeping, information sharing, loss control and prevention consulting, and related administrative and consulting services as the Board of Trustees deems appropriate; and to delegate such administrative authority deemed necessary or convenient by the Board.

5.1.4 To engage, employ and oversee, as the Board of Trustees deems appropriate, the services of competent professionals and consultants to manage or assist in the management, collection, investment, and disbursement of Trust Fund funds consistent with procedures established by the Board.

5.1.5. To approve CIS Benefits Trust Plans and Rules; to determine, increase, decrease, or terminate, in whole or in part, the benefits and coverage provided by Trust Plans; to select the carriers providing the benefits and to exercise all rights granted to a policy

holder; and to establish or modify Rules of eligibility for benefits and employer/employee participation.

5.1.6 To establish, with input from staff and consultants, funding target levels and associated Contribution levels and rating plans for each Line of Coverage; to establish Premium levels for Insurance Program(s) offered.

5.1.7 To establish and maintain, from Premiums, Contributions and other assets of each Trust Fund, reserves necessary according to sound actuarial and underwriting principles to provide stability and security to each Trust Fund.

5.1.8 To providc for complete accounting, and at lcast annually, audit of the funds received, invested, kept and disbursed by the CIS TRUST; and to establish such accounts with financial and investment institutions and brokerages as may be necessary and prudent for the proper management of Trust Funds.

5.1.9 Funds from each separate Trust Fund shall not be commingled but shall be held and used exclusively for the benefit of members of each separate Trust Fund. This shall not preclude the aggregation of Trust Fund funds by the CIS TRUST for purposes of deposit, investment and disbursement or payment for shared administrative costs in such proportions as the Board of Trustees, in its discretion, may determine. Records of moneys received shall be maintained by class of local government member affiliation (League or Association) in each separate Trust Fund.

5.1.10 To acquire and retain, to the extent allowed by state law, every kind of property, real, personal or mixed, and every kind of investment, specifically including, but not by way of limitation, bonds, debentures, and other corporate or government obligations, interests in common trust funds, and securities of any open-end or closed-end management type investment company or investment trust, provided that in the making of investments thc Trustees shall comply with the invcstment limitations of applicable law and investment policies of the Board.

5.1.11 To hold title to all investments or other assets of the Trust Funds in the name of the CIS TRUST, provided that for convenience in transferring bonds or other negotiable securities, title to the securities may be held in the name of the CIS TRUST'S custodian bank, or of its nominee

5.1.12 To maintain accurate records and accounts of all transactions, consistent with generally accepted accounting practices, which shall be available at all reasonable times for inspection by Members, participating employees or beneficiaries.

5.1.13 To contract with the Lcague and the Association for such services and facilities as the Board of Trustees shall consider necessary and appropriate. The Board of Trustees may pay for such services and facilities out of Trust Fund funds.

5.1.14 To compensate the League and the Association for the use of their name and goodwill in support of marketing the products and services of the Trust Funds administered by the CIS Trust. The Board of Trustees may pay such compensation out of

Trust Fund funds to the extent permitted by applicable law and prudent under pertinent tax laws.

5.1.15 To establish such advisory committees as the Board of Trustees deems advisable to assist in policy and operations of the CIS Trust; and to appoint qualified persons to such committees to serve at the pleasure of the Board of Trustees.

5.1.16 To promulgate bylaws, policies and rules for the operation of the Board of Trustees and the CIS Trust consistent with the provisions of this Declaration and Agreement and the Trust Funds described in the Recitals.

5.1.17 To exercise such other powers and to prepare and execute such other documents and agreements as may be lawful and necessary to implement more fully this Declaration and the purposes thereof.

ARTICLE 6. USE OF CIS TRUST FUNDS.

6.1 Without further specific action of the Board of Trustees, but subject to any limitations or conditions set by the Board of Trustees in its bylaws, rules or policies, the Administrator designated by the Board of Trustees shall disburse or authorize disbursement of moneys from funds of the Trust Funds administered by the CIS Trust for any of the following purposes:

6.1.1 Payment of moneys due and certain under or by virtue of any contract, bond, employee benefits plan or Policy of Insurance made or obtained by or on behalf of the CIS Trust, or pursuant to a Pooled Risk Retention Program administered by the CIS Trust;

6.1.2 Investment and reinvestment of Trust Fund funds under such standards and limitations as may be approved by the Board of Trustees;

6.1.3 Payment of Contributions or Premiums due on fidelity, performance, errors and omissions, or other bonds and insurance which the Board of Trustees may require in its bylaws to protect the CIS Trust and its Trustees and employees;

6.1.4 Reasonable and necessary expenses incurred by Trustees and employees for such items as travel, meals, lodging, telephone calls, and other out-of-pocket expenses incurred in performing their duties; provided that the personal services and time devoted by Trustees shall not be compensated.

6.1.5 Any other purpose authorized by this Declaration or by the Trust Funds described in the Recitals.

6.2 Except as provided in Paragraph 6.1, or as authorized in a budget duly adopted by the Board of Trustees, Trust Funds administered by the CIS Trust shall not be disbursed, expended or obligated without express approval of the Board of Trustees.

6.3 The Board of Trustees shall provide for an annual audit of Trust Funds administered by the CIS Trust, and for such interim audits as it deems necessary. Copies of such audits shall be

furnished to each Trustee, and to the League and the Association. The cost of such audits shall be paid out of Trust Fund funds.

6.4 The Board of Trustees shall adopt an annual operating budget, consistent with generally accepted government budgeting principles, not later than the last day of June of each year. Such budget shall identify revenue and expenses for each of the Trust Funds administered by the Board. The Board of Trustees or its Administrator shall, in the process of preparing the annual budget, solicit the advice of the League and the Association regarding services required by their respective members.

6.5 Trust Fund funds in excess of obligations payable under this Article may, at the direction of the Board of Trustees, be distributed in whole or in part, from time to time, to Members in the Trust Fund, either directly or by way of reduction of Premiums, Contributions, or other fees. Such distributions shall be based upon such formula as the Board of Trustees shall approve which includes both losses incurred and proportionate Premiums, Contributions, and fees paid by individual Members in the Trust Fund during the period since the last distribution, if any. Except as provided in this section, investment income for each Trust Fund shall be retained for reinvestment or satisfaction of the obligations of the Trust Fund as provided in Paragraphs 6.1 through 6.3.

ARTICLE 7. ELIGIBILITY FOR PARTICIPATION AND TERMINATION.

7.1 Subject to the terms of the Trust Funds described in the Recitals and to rules and policies adopted by the Board of Trustees, the CIS Trust itself, the League, the Association and each of their members shall be eligible to participate in the coverage, programs and services offered by or through the CIS Trust.

7.2 In addition, "public bodies" as defined in ORS 30.260 (4) (b) and (c), may participate in CIS Trust programs and services provided they maintain membership status in either the League or the Association.

ARTICLE 8. INTEREST IN ASSETS OF CIS BENEFITS TRUST FUNDS ADMINISTERED BY THE CIS TRUST

8.1 Neither participating employees, participating employers, beneficiaries, parties to the Trust Plans nor any other person or entity shall have any right, title, or interest in the assets of the CIS Benefits Trust Funds administered by the CIS Trust.

8.2 Neither participating employees nor beneficiaries shall have any right to assign any benefits provided by any employee benefit plan of the CIS Benefits Trust Funds except to a beneficiary or to a provider of medical or hospital services. The benefits provided by CIS Benefits Trust Plans administered by the CIS TRUST shall not be subject to seizure by legal process or be in any way subject to the claims of creditors of a participating employee or beneficiary except for a legally sufficient and enforceable assignment to a provider of medical or hospital services.

ARTICLE 9. DISSOLUTION OR TERMINATION OF CIS TRUST.

9.1 This CIS TRUST may be voluntarily dissolved upon declaration of the LEAGUE, acting through its Board of Directors, or the ASSOCIATION, acting through its Board of Directors. Such declaration of dissolution shall not become effective until delivered, in writing, to each Trustee, and to the Administrator of the CIS TRUST.

9.2 Termination or dissolution of the CIS TRUST shall not cause termination or dissolution of the Trust Funds described in the Recitals and Article 2. Such Trust Funds shall dissolve or terminate only according to the terms of each Trust Fund declaration.

9.3 Action by the LEAGUE or the ASSOCIATION that results in the withdrawal of any one Trust Fund from the CIS TRUST shall not cause termination or dissolution of the CIS TRUST which shall continue to provide consolidated administration of the remaining Trust Funds.

9.4 This CIS TRUST shall automatically terminate and dissolve upon the first occurrence of any of the following:

9.4.1 The date, on which there are no members of the LEAGUE or ASSOCIATION then participating in the Trust Program(s) offered by or indemnified or insured by or through a Trust Fund administered by the CIS TRUST.

9.4.2 The date on which all cities and counties then participating in the CIS TRUST cease to be members of the LEAGUE or the ASSOCIATION; or

9.4.3 Upon the dissolution, adjudication of bankruptcy, or appointment of a receiver for either the LEAGUE or the ASSOCIATION.

9.5 Automatic termination as provided in Section 9.4 shall not affect the rights of any Member under any Policy of Insurance underwritten by an Insurer other than the CIS TRUST.

9.6 Upon dissolution or termination of the CIS TRUST, the Board of Trustees shall continue to act for the purpose of dissolution and the execution of all instruments which may be required to dissolve and liquidate the CIS TRUST.

ARTICLE 10. AMENDMENTS.

10.1 This Declaration and Agreement may be amended from time to time by mutual written agreement of the LEAGUE and the ASSOCIATION acting through their respective Boards of Directors; provided that the LEAGUE and the ASSOCIATION deliver to each Trustee a full copy of the proposed amendment at least ten days prior to taking any action approving the amendment, and consider any written or oral comments by the Trustees either individually or as a Board of Trustees prior to such action.

10.2 No amendment shall operate to the prejudice of any vested rights held by any Member in the program under a policy, contract, or other document for the benefit of such Members.

10.3 The CIS TRUST shall not be amended in any manner inconsistent with the legal requirements applicable to the CIS TRUST to permit the assets of the CIS Benefits Trust Funds, or any part thereof to revert, or be diverted, to the benefit of any employee or any person other than the Participating Employers, Participating Employees or Beneficiaries to the extent contributions were made for the benefit of the Participating Employees or Beneficiaries. An amendment, by its terms, may be retroactive.

ARTICLE 11. SEVERABILITY.

If any provision of this Declaration and Agreement is adjudicated to be invalid, unenforceable, or unconstitutional, the remainder of the provisions not subject to such adjudication shall not be affected and shall continue in full force and effect.

IN WITNESS WHEREOF, the LEAGUE and the ASSOCIATION have adopted the foregoing amendments and declaration on the 1st day of October, 2008.

ASSOCIATION OF OREGON COUNTIES
Dated this 11th day of August, 2008

President

Executive Director

LEAGUE OF OREGON CITIES
Dated this 1st day of October, 2008

President

Executive Director

CITY COUNTY INSURANCE SERVICES TRUST

AMENDMENT TO DECLARATION AND AGREEMENT OF TRUST

THIS AMENDMENT to the CITY/COUNTY INSURANCE SERVICES DECLARATION AND AGREEMENT OF TRUST dated April 16, 1993, (herein "1993 CIS Trust Agreement") is made this 1st day of October, 2008 by and between the LEAGUE OF OREGON CITIES ("League") and ASSOCIATION OF OREGON COUNTIES ("Association"), acting through their respective Boards of Directors.

RECITALS

1. The League and Association, by a separate Declaration contemporaneous with this Amendment, are revising and restating their DECLARATION AND AGREEMENT OF TRUST ("2008 CIS TRUST AGREEMENT") reflecting the consolidated administration of the League's employee benefits trust ("EBS Trust"); the Association's employee benefits trust ("AOCIT"); and this City County Insurance Services Trust, re-named by this Amendment as the "CIS Property/Casualty Trust".

2. The 1993 CIS Trust Agreement to which this Amendment applies is referred to in the 2008 CIS TRUST AGREEMENT as Exhibit C and incorporated therein by reference.

3. The 2008 CIS TRUST AGREEMENT provides at Article 2.1 "The debts, liabilities, or obligations of CIS are not the debts, liabilities, or obligations of LOC or AOC, or of the members of LOC or AOC, or of CIS Members, except to the extent of agreed Premiums, Contributions, or Fees." Prior to this Amendment, the 1993 CIS Trust Agreement does not include a similar provision regarding debts, liabilities, or obligations.

NOW, THEREFORE, the League and Association amend the 1993 CIS Trust Agreement as follows:

The 1993 "CITY/COUNTY INSURANCE SERVICES DECLARATION AND AGREEMENT OF TRUST" (also referred to herein as the 1993 CIS Trust Agreement) is hereby renamed the "*CIS Property/Casualty Trust*" and is further amended to add Article 1.5 as follows:

> "*The debts, liabilities, or obligations of the TRUST are not the debts, liabilities or obligations of the League or Association, or of the members of the League or Association, or of the Members of the TRUST, except to the extent of agreed premiums, contributions or fees.*"

IN WITNESS WHEREOF, the LEGAUE and ASSOCIATION have adopted the foregoing Amendment on this 1st day of October, 2008

ASSOCIATION OF OREGON COUNTIES
~~Dated this 11th day of August, 2008~~

President

Executive Director

LEAGUE OF OREGON CITIES
Dated this 1st day of October, 2008

President

Executive Director

Exhibit 8

LEAGUE of Oregon CITIES

CONSTITUTION

ARTICLE I

NAME AND OBJECTS

Section 1. *Name.* This organization is known as the League of Oregon Cities.

Section 2. *Purpose.* The purposes of this organization are:

(a) To maintain an organization to secure cooperation among the cities of the state by thorough study of local problems, and in the application of efficient methods to local government;

(b) To provide a means for municipal officials to exchange ideas and experiences and obtain expert advice;

(c) To collect, compile, and distribute to municipal officials information about municipal government and the administration of municipal affairs;

(d) To engage in the study and preparation of uniform ordinances and practices;

(e) To formulate and promote legislation that will benefit the cities of the state and its citizens, and to oppose legislation detrimental to cities; but not to expend monies in favor of or in opposition to any public measure initiated by or referred to the people, or for or against the election of any candidate for public office;

(f) To secure harmony of action among municipalities in matters that affect the rights and liabilities of cities;

(g) To institute or participate in litigation for the purpose of securing a determination relative to the rights and liabilities of cities of Oregon under constitutional provision, statute or ordinance; to appear as friend of the court in a court proceeding in which the rights and liabilities of cities are affected; to appoint or employ counsel for the purposes mentioned;

(h) To provide such services to cities as cities may authorize and require through the League of Oregon Cities, including but not limited to assistance in collective bargaining with employees, liability, casualty, workers' compensation, health insurance and other employee benefits, and the provision of joint facilities for local governments with other governmental units acting singly or cooperatively. To that end the League may create or participate in appropriate entities and trusts which are suitable and convenient for carrying out its purposes;

(I) To do any and all other things necessary or proper for the benefit of the cities of Oregon.

ARTICLE II

MEMBERSHIP

Section 1. *Who Eligible.* Any Oregon city is eligible for full membership.

Section 2. *How Acquired.* Any Oregon city may become a member by paying the membership fee for the current year, and by adoption by its governing body of the Intergovernmental Agreement of Oregon Cities, approved at the November 1983 annual League meeting or as subsequently amended.

Section 3. *Withdrawal.* Any member may withdraw from membership by giving six months written notice in the form of council resolution or ordinance to the Executive Director.

Section 4. *Failure to Pay Dues.* A member that fails to pay membership dues during the current fiscal year may be stricken from the membership roll by the Board.

Section 5. *Other Membership.* Other classes of, and conditions for, membership may be established by the Board, but such membership shall carry no voting privileges. Other classes of membership may include separate boards or commissions of cities and other entities or groups of persons that want one or more League services.

ARTICLE III

FINANCES

Section 1. *Membership Dues - Members.* The Board shall assess the annual membership fee for cities in an amount sufficient to finance the expenses of the League for the current year. The amount of the assessment shall be determined by the Board no later than January 1 of each calendar year for the next fiscal year.

Section 2. *Membership Dues - Other Membership.* The annual membership fee for other memberships established under Article II, Section 5, shall be as determined by the Board.

Section 3. *Special Assessments.* The Board of Directors may levy assessments in addition to the annual membership fee and request voluntary contributions for other services and programs authorized by the Board.

Section 4. *Expenditures.* No funds shall be expended except in compliance with the budget adopted by the Board in furtherance of the purposes of the League. Specific Board approval is not required for expenditures made by the Executive Director in compliance with the budget.

ARTICLE IV

OFFICERS AND COMMITTEES

Section 1. *Officers.* The Officers of the organization are President, Vice-President, Treasurer and Immediate Past-President, each of whom shall hold an elective position in a member city. The Officers shall exercise the powers and duties incident to their offices, as described in the Bylaws. Such Officers and the most senior Director serving in a position reserved for an individual holding an appointed position with a member city shall comprise the Executive Committee, which shall perform such duties as authorized by the Board. The Executive Director is a non-voting member of the Executive Committee.

Section 2. *Board of Directors.* The affairs of the organization shall be directed by the Board of Directors, composed of the Officers and eleven members at large, nine of whom shall hold an elective position in a member city and two of whom shall hold an appointed position in a member city. The Board of Directors shall have general supervision over all of the affairs of the organization subject to the Bylaws and to the will of the organization expressed at any duly called meeting. The power of the Board includes, but is not limited to, the power to rent, lease, purchase, receive and hold property, both real and personal, and to rent, lease, mortgage, sell or otherwise dispose of real and personal property.

Section 3. *Non-Voting Members of the Board of Directors.*

(a) *Past Presidents.* Past Presidents who hold a city elected office shall be ex officio members of the Board. They may engage in all Board activities, but shall not vote on matters coming before the Board.

(b) *Non-Voting Director Who Holds an Appointed City Position.* The League Bylaws shall provide for one individual who holds an appointed position with a member city to be elected as a non-voting Director. Such individual may engage in all Board activities, but shall not vote on matters coming before the Board.

Section 4. *Election, Term of Office and Qualifications.* Except as otherwise provided by this section, the League Bylaws shall provide for the election, term of office and qualifications of Officers and Directors.

(a) *Election:* All Officers and Directors, except the Executive Director, shall be elected at an annual meeting of the League.

(b) *Term of Office.* The term of office for each Officer and Director, except the Executive Director, shall commence at the first Board meeting of the calendar year following the annual business meeting at which they were elected. All Officers and Directors shall hold office until their successors are elected and qualified or appointed.

(c) *Qualifications.* All Officers and Directors shall hold either an elected or appointed position with a member city.

(1) The Vice-President shall automatically assume the Presidency the following year. The President shall automatically assume the position of Immediate Past President the following year.

(2) The Treasurer shall automatically assume the position of Vice-President the following year.

(3) The President shall automatically assume the position of Immediate-Past President the following year.

(4) The individual who holds an appointed position with a member city who has been elected to serve as a non-voting Director shall automatically assume the open voting position on the Board reserved for individuals who hold appointed positions with member cities.

Section 5. *Vacancies - Occurrence.* The office of a member of the Board becomes vacant:

(a) Upon the incumbent's:

(1) Death,

(2) Resignation from the Board, or

(3) Ceasing to hold an elective or appointive position in a member city.

(b) Upon declaration by the Board of the vacancy if the incumbent is absent from two Board meetings during the term of office without being excused by the President.

(c) A vacancy in office may be filled by appointment of the President, subject to approval of the Board.

Section 6. *Executive Director.* The Executive Director shall be appointed by the Board and shall hold office at the pleasure of the Board. The Executive Director is the chief administrative officer of the League and is accountable to the Board for the responsibilities that may be assigned by it.

Section 7. *Board of Directors Meetings - Quorum.*

(1) Meetings of the Board are governed by the state public meetings law. Meetings may be called at any time by the President or at the request of three members. A majority of incumbent members constitute a quorum. A majority of the members present and constituting a quorum is required to pass a motion.

(2) The members may meet by conference call.

Section 8. *Bylaws.* The Board of Directors shall adopt bylaws to govern the proceedings and meetings of the League.

ARTICLE V

MEMBERSHIP MEETINGS

Section 1. *Annual Meeting.* An annual meeting of the League shall be held each year at a time and place determined by the Board. Other meetings shall be held in accordance with the Bylaws. At least 10 days notice of all meetings shall be given to the members.

Section 2. *Delegates and Votes.* The number of delegates to be sent by any member city to a meeting of the League is not limited. All delegates may be heard in debate, but each member city is entitled to only one vote. Each delegation shall select one of its members as chair to express or record its vote.

ARTICLE VI

AMENDMENTS

Section 1. This constitution may be amended at an annual meeting or at a special meeting called for that purpose and by an affirmative vote of two-thirds of the voting delegates present.

As amended at the September 2013 Annual Conference, League of Oregon Cities.

Exhibit 9

INTERGOVERNMENTAL AGREEMENT
OF OREGON CITIES

THIS AGREEMENT made and entered into this 11 day of February, 2002 by each city of the State of Oregon agreeing to enter into the same by ordinance or resolution, and every other city having also so agreed and being collectively referred to herein as "CITIES", now therefore

WITNESSETH:

RECITALS:

1. This is an agreement for intergovernmental cooperation by units of local government under ORS 190.010 to ORS 190.111 inclusive, in performing functions and providing services which all of the parties have authority to perform and provide.

2. For purposes of this agreement, the organization created by the Cities to perform certain functions and activities hereln set forth shall be deemed a consolidated department of all of the Cities who are parties to this agreement to carry the same out by a combination of methods provided for in ORS 190.020.

3. This agreement reduces to writing the terms, conditions, purposes and objects of services, functions and activities of the League of Oregon Cities performed since 1926 as a cooperative and joint endeavor of Oregon Cities. Nothing herein is intended to change its status as being for some purposes a political subdivision of the State of Oregon, an instrumentality of the State and its Cities for better administration of public affairs, and an agency or instrumentality for performing governmental functions owned and controlled by the Cities of Oregon.

THE CITIES OF OREGON BECOMING PARTIES HERETO AGREE:

I. ACTIVITIES:

1. To form and continue an organization for the cooperative provision of local governmental services, to perform governmental purposes and functions as hereinafter set further under the name of the League of Oregon Cities, hereinafter referred to as the "League."

2. The League of Oregon Cities shall have the following purposes and functions:

a. To maintain an organization to secure cooperation among the cities of the state by thorough study of local problems, and in the application of efficient methods to local government;

b. To provide a means whereby officials may interchange ideas and experiences and obtain expert advice;

c. To collect, compile and distribute to municipal officials information about municipal government and the administration of municipal affairs;

d. To engage in the study and preparation of uniform ordinances and practices;

e. To formulate and promote such legislation as will be beneficial to the cities of the state and the citizens thereof and to oppose legislation detrimental thereto, but not to expend monies in favor of or in opposition to any public measure initiated by or referred to the people, or for or against the election of any candidate for public office;

f. To provide such services to cities as cities may authorize and require through the League of Oregon Cities, including but not limited to assistance in collective bargaining with employees,[1] liability,[2] casualty,[2] and health insurance,[3] and the provision of joint facilities for local governments with other governmental units acting singly or cooperatively. To that end the League may create or participate in appropriate entities and trusts which are suitable and convenient for carrying out its purposes;

g. To secure harmony of action among municipalities in matters that affect the rights and liabilities of cities;

h. To institute or participate in litigation in the name of a member city, upon request of such city, or in its own name for the purpose of securing a determination relative to the rights and liabilities of cities of Oregon under any constitutional provision, statute or ordinance;

to appear as a friend of the Court in any Court proceeding wherein the rights and liabilities of cities are affected; to appoint or employ counsel for the purpose herein mentioned;

i. To adopt and amend, from time to time, such rules, regulations, constitution and bylaws as are not inconsistent with this agreement;

j. To do any and all other things necessary or proper for the benefit of the cities of Oregon which the cities themselves might do singly or in cooperation with other units or agencies of government.

II. GOVERNANCE AND CONTROL:

1. The Board of Directors shall have general supervision over all of the affairs of the organization, subject to the will of the organization expressed any duly called meeting. The Board of Directors shall possess all powers necessary to carry out the provisions of this agreement and the specific purposes and functions set forth in Section I, ACTIVITIES, including but not limited to the power on behalf of the League of Oregon Cities, directly or through other entities, to rent, lease, purchase, receive and hold property, both real and personal, and to rent, lease, mortgage, hypothecate, sell or otherwise dispose of the same.

2. The Board of Directors shall consist of the officers and Directors of the League.

3. The officers of the League shall be a President, Vice President, Treasurer, Past-President, eleven members at large, and an Executive Director, each of whom, with the exception of the Executive Director, shall hold an elective or appointment position in a city who is a participant in this agreement. The officers shall exercise the usual powers and duties incident to their offices and as provided herein.

4. All officers, except the Executive Director, shall be elected at the annual conference of the League for a term of one year and shall hold office until their successors are elected and qualified. The Executive Director shall be appointed by the Board of Directors and shall hold office at the pleasure of said committee.

5. Any vacancy in office shall be filled by appointment by the President, subject to the approval of the Board of Directors.

6. Meetings of the Board of Directors may be held at any time upon call of the President or of any three members. A majority of incumbent members shall constitute a quorum. The members of the Board of Directors may vote either in person or by mail upon any issue submitted to the Committee.

III. PROVISION OF FUNDS:

1. The cities shall provide the revenues for payment of expenses incurred in the performance of the functions and activities of the League by the payment of annual fees or assessments based upon the populations of the respective cities entering into this agreement, as established by the Board of Directors no later than January 1 of any calendar year the assessment is levied for the fiscal year beginning on July 1, in an amount sufficient to finance the expenses of the League for each year.[4]

2. An annual charge, established by the Board of Directors, may also be made to separate boards or commissions of any city also desiring to participate in activities of the League.

3. The Board of Directors may also levy assessments, in addition to the annual fee or assessment, for maintenance of the Legislative Service Bureau, during sessions of the State Legislature.

4. The League may also make such other charges for direct services furnished to cities or others as the Board of Directors may approve.

5. Incidental income from any activity shall be devoted solely to the governmental purposes of the League and its member cities. No profit from any activity shall inure to the benefit of any private person, firm or corporation.

6. No funds shall be expended except upon a vote of the Board of Directors and in furtherance of the objects and purposes of the League. All funds, revenues and expenditures of the League shall be audited at least annually [5]

IV. MEETINGS:

1. An annual conference of the League shall be held each year at the time and place to be determined by the Board of Directors. The program of the annual convention shall be arranged by or under the direction thereof.

2. Special meetings of the League may be called by the President or the Board of Directors at any time by giving notice to the Recorder, or other designated official, of each member city, at least ten (10) days prior to the date of the meeting. The notice shall state the purpose of the meeting.

3. Regional meetings may be called at any time by the President or Board of Directors for the benefit of city officials located in various sections of the state. Resolutions adopted at the regional meetings shall be forwarded to the Board of Directors.

4. All questions of parliamentary practice shall be decided according to Roberts Rules of Order, newly revised.

5. There shall be no limit upon the number of delegates to be sent by an member city to a meeting of the League. All delegates may be heard in debate, but each member city shall be entitled to only one vote. Each delegation shall select one of its members as chairperson to express or record its vote.

V. EXECUTIVE DIRECTOR/EMPLOYEES:

The Executive Director shall be the chief administrative officer of the League and be responsible to the Board of Directors for such duties as may be assigned by it. The League, through the Board of Directors, may employ such other employees as necessary to carry out the purposes, activities and functions of the League under this agreement. This agreement does not contemplate the transfer of any personnel.[6]

VI. DURATION/TERM:

The term of this agreement shall be perpetual.[7] The parties hereto shall have the right to terminate their participation herein as a party at any time, by ordinance or resolution forwarded to the Executive Director. The entire agreement may be terminated at any time by a two-thirds vote of

the cities then participating.[8] The agreement may be amended at any time, by agreement with each city participating by ordinance or resolution in the same manner as originally entered into.

VII. RIGHTS UPON TERMINATION:

Upon termination of the agreement the cities then participating shall mutually agree upon the transfer of personnel or the division of assets and liabilities between the parties and in the event that they are unable to agree, then venue shall be established in the Circuit Court of Multnomah, Marion, or Lane County to determine that transfer or division.[9] No city shall be liable, upon termination, for any dues, charges, assessments or other liabilities of any kind beyond the year in which such city ceases to participate or in which the agreement is terminated.

VIII. EXECUTION:

The resolution or ordinances of each participating city agreeing hereto shall be placed on file with the original of this agreement.

The City of Riddle, a municipal corporation

By: Wm G Duckett

By: _____

ATTEST: Darlene Weakley / City Recorder

FOOTNOTES

1. Chapter 243 ORS
2. ORS 731.036 (4)
3. ORS 731.036 (5)
4. ORS 190.020 (1) (a)
5. ORS 190.020 (1) (b)
6. ORS 190.020 (1) (c)
7. ORS 190.020 (1) (e)
8. ORS 190.020 (1) (f)
9. ORS 190.020 (2)

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Riddle

Resolution No. 2000-02

A RESOLUTION AUTHORIZING THE MAYOR AND Council OF THE CITY
(Council if appropriate)
OF Riddle TO EXECUTE AND ENDORSE AN AMENDMENT TO THE AGREEMENT WITH THE LEAGUE OF OREGON CITIES GOVERNING THE LEAGUE STATUS AS A UNIT OF LOCAL GOVERNMENT, SIMILAR TO OTHER COOPERATIVE INTERGOVERNMENTAL AGENCIES IN WHICH CITIES CREATE AND PARTICIPATE.

WHEREAS, the Council has found that it is necessary and desirable to endorse and adopt an amendment to the agreement proposed by the League of Oregon Cities.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Riddle that the Mayor and Council are hereby authorized to execute and endorse the agreement with the League of Oregon Cities of which the City of Riddle is a member, governing the League status as a unit of local government, similar to other cooperative intergovernmental agencies that cities create and participate in, all this in the State of Oregon, upon the terms and conditions as set forth in an agreement entitled "Intergovernmental Agreement of Oregon Cities," a copy of which is attached hereto as Exhibit "A," and incorporated by reference herein.

Dated this 11th day of February, 2002.

Wm. G. Duckett
(Mayor)

ATTEST: Darlene Weakley
(Recorder)

Exhibit 10

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: DEC 29 2004

LEAGUE OF OREGON CITIES FOUNDATION INC
1201 COURT ST NE SECOND FLR
SALEM, OR 97301

Employer Identification Number:
30-0210856
DLN:
604288108
Contact Person:
EDWARD J POMERANTZ ID# 31326
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
509(a)(3)
Form 990 Required:
Yes
Effective Date of Exemption:
August 6, 2003
Contribution Deductibility:
Yes

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

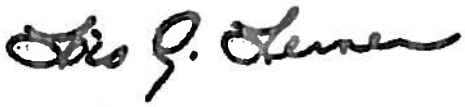
Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Information for Exempt Organizations Under Section 501(c)(3) for some helpful information about your responsibilities as an exempt organization.

LEAGUE OF OREGON CITIES FOUNDATION

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Information for Organizations Exempt Under Section 501(c)(3)

LEAGUE OF OREGON CITIES FOUNDATION

INFORMATION FOR ORGANIZATIONS EXEMPT UNDER SECTION 501(c)(3)

WHERE TO GET FORMS AND HELP

Forms and instructions may be obtained by calling toll free 1-800-829-3676, through the Internet Web Site at www.irs.gov, and also at local tax assistance centers.

Additional information about any topic discussed below may be obtained through our customer service function by calling toll free 1-877-829-5500 between 8:00 a.m. - 6:30 p.m. Eastern time.

NOTIFY US ON THESE MATTERS

If you change your name, address, purposes, operations or sources of financial support, please inform our TE/GE Customer Account Services Office at the following address: Internal Revenue Service, P.O. Box 2508, Cincinnati, Ohio 45201. If you amend your organizational document or by-laws, or dissolve your organization, provide the Customer Account Services Office with a copy of the amended documents. Please use your employer identification number on all returns you file and in all correspondence with the Internal Revenue Service.

FILING REQUIREMENTS

In your exemption letter we indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. Form 990 (or Form 990-EZ) is filed with the Ogden Submission Processing Center, Ogden UT 84201-0027.

You are required to file a Form 990 only if your gross receipts are normally more than $25,000.

If your gross receipts are normally between $25,000 and $100,000, and your total assets are less than $250,000, you may file Form 990-EZ. If your gross receipts are over $100,000, or your total assets are over $250,000, you must file the complete Form 990. The Form 990 instructions show how to compute your "normal" receipts.

Form 990 Schedule A is required for both Form 990 and Form 990-EZ.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. There are penalties for failing to timely file a complete return. For additional information on penalties, see Form 990 instructions or call our toll free number.

If your receipts are below $25,000, and we send you a Form 990 Package, follow the instructions in the package on how to complete the limited return to advise us that you are not required to file.

If your exemption letter states that you are not required to file Form 990, you

are exempt from these requirements.

UNRELATED BUSINESS INCOME TAX RETURN

If you receive more than $1,000 annually in gross receipts from a regular trade or business you may be subject to Unrelated Business Income Tax and required to file Form 990-T, Exempt Organization Business Income Tax Return. There are several exceptions to this tax.

1. Income you receive from the performance of your exempt activity is not unrelated business income.

2. Income from fundraisers conducted by volunteer workers, or where donated merchandise is sold, is not unrelated business income.

3. Income from routine investments such as certificates of deposit, savings accounts, or stock dividends is usually not unrelated business income.

There are special rules for income derived from real estate or other investments purchased with borrowed funds. This income is called "debt financed" income. For additional information regarding unrelated business income tax see Publication 598, Tax on Unrelated Business Income of Exempt Organizations, or call our toll free number shown above.

PUBLIC INSPECTION OF APPLICATION AND INFORMATION RETURN

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return, or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

FUNDRAISING

Contributions to you are deductible only to the extent that they are gifts and no consideration is received in return. Depending on the circumstances, ticket purchases and similar payments in conjunction with fundraising events may not qualify as fully deductible contributions.

CONTRIBUTIONS OF $250 OR MORE

Donors must have written substantiation from the charity for any charitable contribution of $250 or more. Although it is the donor's responsibility to obtain written substantiation from the charity, you can assist donors by

providing a written statement listing any cash contribution or describing any donated property.

This written statement must be provided at the time of the contribution. There is no prescribed format for the written statement. Letters, postcards and electronic (e-mail) or computer-generated forms are acceptable.

The donor is responsible for the valuation of donated property. However, your written statement must provide a sufficient description to support the donor's contribution. For additional information regarding donor substantiation, see Publication 1771, Charitable Contributions - Substantiation and Disclosure Requirements. For information about the valuation of donated property, see Publication 561, Determining the Value of Donated Property.

CONTRIBUTIONS OF MORE THAN $75 AND CHARITY PROVIDES GOODS OR SERVICES

You must provide a written disclosure statement to donors who receive goods or services from you in exchange for contributions in excess of $75.

Contribution deductions are allowable to donors only to the extent their contributions exceed the value of the goods or services received in exchange. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as fully deductible contributions, depending on the circumstances. If your organization conducts fundraising events such as benefit dinners, shows, membership drives, etc., where something of value is received, you are required to provide a written statement informing donors of the fair market value of the specific items or services you provided in exchange for contributions of more than $75.

You should provide the written disclosure statement in advance of any event, determine the fair market value of any benefit received, determine the amount of the contribution that is deductible, and state this information in your fundraising materials such as solicitations, tickets, and receipts. The amount of the contribution that is deductible is limited to the excess of any money (and the value of any property other than money) contributed by the donor less the value of goods or services provided by the charity. Your disclosure statement should be made, no later than, at the time payment is received. Subject to certain exceptions, your disclosure responsibility applies to any fundraising circumstances where each complete payment, including the contribution portion, exceeds $75. For additional information, see Publication 1771 and Publication 526, Charitable Contributions.

EXCESS BENEFIT TRANSACTIONS

Excess benefit transactions are governed by section 4958 of the Code. Excess benefit transactions involve situations where a section 501(c)(3) organization provides an unreasonable benefit to a person who is in a position to exercise substantial influence over the organization's affairs. If you believe there may be an excess benefit transaction involving your organization, you should report the transaction on Form 990 or 990-EZ. Additional information can be

found in the instructions for Form 990 and Form 990-EZ, or you may call our toll free number to obtain additional information on how to correct and report this transaction.

EMPLOYMENT TAXES

If you have employees, you are subject to income tax withholding and the social security taxes imposed under the Federal Insurance Contribution Act (FICA). You are required to withhold Federal income tax from your employee's wages and you are required to pay FICA on each employee who is paid more than $100 in wages during a calendar year. To know how much income tax to withhold, you should have a Form W-4, Employee's Withholding Allowance Certificate, on file for each employee. Organizations described in section 501(c)(3) of the Code are not required to pay Federal Unemployment Tax (FUTA).

Employment taxes are reported on Form 941, Employer's Quarterly Federal Tax Return. The requirements for withholding, depositing, reporting and paying employment taxes are explained in Circular E, Employer's Tax Guide, (Publication 15), and Employer's Supplemental Tax Guide, (Publication 15-A). These publications explain your tax responsibilities as an employer.

CHURCHES

Churches may employ both ministers and church workers. Employees of churches or church-controlled organizations are subject to income tax withholding, but may be exempt from FICA taxes. Churches are not required to pay FUTA tax. In addition, although ministers are generally common law employees, they are not treated as employees for employment tax purposes. These special employment tax rules for members of the clergy and religious workers are explained in Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers. Churches should also consult Publications 15 and 15-A. Publication 1828, Tax Guide for Churches and Religious Organizations, also discusses the various benefits and responsibilities of these organizations under Federal tax law.

PUBLIC CHARITY STATUS

Every organization that qualifies for tax-exemption as an organization described in section 501(c)(3) is a private foundation unless it falls into one of the categories specifically excluded from the definition of that term [referred to in section 509(a)(1), (2), (3), or (4)]. In effect, the definition divides these organizations into two classes, namely private foundations and public charities.

Public charities are generally those that either have broad public support or actively function in a supporting relationship to those organizations.

Public charities enjoy several advantages over private foundations. There are certain excise taxes that apply to private foundations but not to public charities. A private foundation must also annually file Form 990-PF, Return of Private Foundation, even if it had no revenue or expenses.

LEAGUE OF OREGON CITIES FOUNDATION

The Code section under which you are classified as a public charity is shown in the heading of your exemption letter. This determination is based on the information you provided and the request you made on your Form 1023 application. Please refer to Publication 557 for additional information about public charity status.

GRANTS TO INDIVIDUALS

The following information is provided for organizations that make grants to individuals. If you begin an individual grant program that was not described in your exemption application, please inform us about the program.

Funds you distribute to an individual as a grant must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should keep adequate records and case histories that demonstrate that grants to individuals serve your charitable purposes. For example, you should be in a position to substantiate the basis for grants awarded to individuals to relieve poverty or under a scholarship or education loan program. Case histories regarding grants to individuals should show names, addresses, purposes of grants, manner of selection, and relationship (if any) to members, officers, trustees, or donors of funds to you.

For more information on the exclusion of scholarships from income by an individual recipient, see Publication 520, Scholarships and Fellowships.

Exhibit 11

1498

MODIFICATION NO. 204

TO OREGON STATE-SOCIAL SECURITY AGREEMENT

The Secretary of Health, Education, and Welfare and the State of Oregon acting through its representatives designated to administer its responsibilities under the Agreement of September 28, 1951, hereby accept as additional coverage groups under said Agreement and acknowledge full applicability of the terms of said Agreement to the following:

No. ~~1497~~ 1498 Name of Government Agency: League of Oregon Cities

a. Excluded Services:

(1) All services in any class or classes of elective positions.

#Pers Ex #2521

(2) All services performed by employes working in part-time positions on a retainer basis paid by regular stipend at least monthly.

b. Authorized Agent: Donald L. Jones

1. Title: Executive Secretary

2. Address: P. O. Box 5177 Eugene, Oregon

c. Effective date of coverage: January 1, 1964

d. Approximate number of employes covered: Seven

In accordance with Section 218 (f) (2) of the Act, the State of Oregon designates the following date:

January 14, 1964

Approved for the State of Oregon this 14th day of January, 1964.

By Max M. Mauchly
Executive Secretary
PUBLIC EMPLOYES RETIREMENT BOARD
State of Oregon

Approved this 2nd day of March, 1964.

SECRETARY OF HEALTH, EDUCATION, AND WELFARE

By Thomas C. Parrott, Director
Division of Claims Policy
Social Security Administration

MICROFILMED

Exhibit 12

AMENDED AND RESTATED DECLARATION OF TRUST

This Amended and Restated Declaration of Trust is made and entered into this 8th day of September, 2003. The parties to this Declaration are the League of Oregon Cities, the Association of Oregon Counties and the Oregon School Boards Association, as Trustors. The League of Oregon Cities is an unincorporated association constituted as an instrumentality of the cities of the State of Oregon. The Association of Oregon Counties is an unincorporated association constituted as an instrumentality of the counties of the State of Oregon. The Oregon School Boards Association is an unincorporated association constituted as an instrumentality of the Boards of Directors of the school districts of the State of Oregon. This Declaration is executed by the Trustors by their duly authorized representatives pursuant to resolutions of the Boards of Directors of the Trustors.

This Declaration amends and restates that Declaration of Trust entered into by and among the parties as of July 8, 1970, as amended by a 1978 Amendment to Declaration of Trust. The parties have constructed a new facility on an expanded site at the same location, replacing the building that was the subject of the prior Declaration of Trust. The parties now desire to place the new facility and additional land in trust, together with such other property as may be added to the Trust from time to time subject to all of the terms of this Amended and Restated Declaration of Trust.

The Trustors hereby declare the following trust:

ARTICLE I

NAME OF TRUST

This Trust shall be called the Oregon Local Government Center Trust.

ARTICLE II

APPOINTMENT OF TRUSTEES

Trustors hereby appoint as Trustees the League of Oregon Cities, the Association of Oregon Counties and the Oregon School Boards Association, acting by and through their duly appointed officers as authorized and designated in resolutions of the governing bodies of the respective Trustees.

ARTICLE III

TRUST ESTATE

The trust estate consists of the real property described in the memorandum of Fidelity National Title Company of Oregon dated December 27, 2001, a copy of which is marked as Exhibit A, attached hereto and by this reference incorporated herein, together with all appurtenances thereto and all buildings, structures and fixtures thereto and thereon, and together with other real and personal property that may be acquired in our names as Trustees and added to the Trust Estate from time to time. The addition of further property to the Trust shall be evidenced by the execution of additional deeds exhibits, describing the property and the beneficial interests of the parties therein, signed by authorized representatives of each of the parties, and acknowledged if the conveyance to the Trust is to be recorded.

ARTICLE IV

PURPOSE OF THE TRUST

The purpose of this trust is to hold the trust estate for the sole use and benefit of the beneficiaries, all of which are instrumentalities and agencies of public bodies of the State of Oregon for and devoted solely to the performance of governmental purposes and functions on behalf of the cities of the State of Oregon, counties of the State of Oregon, and boards of directors of the school districts of the State of Oregon respectively.

ARTICLE V

BENEFICIARIES AND BENEFICIAL INTERESTS

The beneficiaries of this charitable trust are the League of Oregon Cities, the Association of Oregon Counties and the Oregon School Boards Association. Their respective beneficial interests are as follows:

The beneficial ownership of the building constituting the principal structure on the trust estate is allocated among the parties based upon the areas of the 40,436 square feet of building floor space allocated to each association for its use. Each of the organizations paid the construction cost for that square footage.

The 9,386 square feet on the first floor is jointly owned, as to beneficial interest, one-third to each party.

The 10,350 square feet on the second floor is split equally, one-half to the League of Oregon Cities and one-half to the Association of Oregon Counties.

The 10,350 square feet of the third floor is split equally one-half to the Oregon School Boards Association and one-half to the League of Oregon Cities.

The 10,350 square feet on the fourth floor is one hundred percent Oregon School Boards Association.

The beneficial interest in the common areas comprising the core areas (elevator shaft, air shaft, restrooms) and the land, are owned in equal shares by the three organizations.

The total square footage of the building is allocated in beneficial ownership shares based on the square footage at the following proportions: 20.56% to the Association of Oregon Counties, 33.21% to the League of Oregon Cities and 46.23% to the Oregon School Boards Association.

The beneficial ownership of the building shell is allocated among the parties in proportion to their ownership of building area floor space.

ARTICLE VI

POWERS OF TRUSTEES

The Trustees shall have the full power to hold, manage, operate, invest, reinvest, lease, mortgage, encumber, hypothecate, sell and convey the trust estate, any portion thereof and any proceeds thereof subject only to the restriction that no part thereof shall be used at any time for other than governmental purposes. Provided, however, this provision shall not prohibit dealings with third parties which may result in profit to the trust, the proceeds of which must, however, also be devoted solely to the governmental purposes of the beneficiaries.

All decisions shall be made by all of the trustees acting jointly. In the event of a dispute amongst them, any disputed matter shall be referred to the respective governing bodies of the League of Oregon Cities, the Association of Oregon Counties and the Oregon School Boards Association for their recommendation. The Trustees agree to be bound by any recommendation concurred in by the governing bodies of all three organizations. If the governing bodies are unable to agree, the Trustees shall appoint an arbitrator whose decision shall be final. If the Trustees are unable to agree upon an arbitrator, any Trustee may petition the presiding judge of the Circuit Court of Marion County, Oregon for the appointment of an arbitrator. The costs of arbitration shall be borne equally by the parties, and the decision of the arbitrator shall be binding.

The powers set forth for the trustees herein are not exclusive, but on the contrary, the trustees shall have all other powers which may be lawfully granted to trustees under Oregon law and as may be necessary or appropriate to carry out the purpose of this trust and not expressly forbidden by its terms.

ARTICLE VII

DESIGNATION OF AUTHORIZED REPRESENTATIVES

The board of directors of each Trustee shall, by appropriate resolution, designate and authorize its chief executive officer, or other designated person, to act on behalf of that party in exercising the powers of Trustee under this deed of trust. The designation may be changed from time to time as necessary. The resolution shall describe any limitations on the authority of the designated representative to act on behalf of the party, and copies of the resolution shall be provided to the other Trustees.

ARTICLE VIII

DURATION AND TERMINATION

This trust shall continue for an unlimited period of time.

The trust may be terminated only upon the unanimous action of the trustees upon the recommendations of the respective governing bodies of the beneficiaries.

In the event of a termination of this trust, the entire trust estate shall be distributed to the beneficiaries in accordance with the beneficial ownership shares specified in Article V above. PROVIDED FURTHER that the same may not be distributed for other than governmental purposes, and shall not be devoted to any private use.

DATED and signed this 8th day of September, 2003.

TRUSTEE: _____ LOC

TRUSTEE: _____

TRUSTEE: _____ OSRA

STATE OF OREGON)
: ss.
County of Marion)

On this 8th day of September, 2003, before me appeared Ken Strobeck, who being first duly sworn states that he/she is the Executive Director of the League of Oregon Cities and has executed this Declaration of Trust pursuant to authority granted by its Board of Directors.

BEFORE ME: Jamie Kayler
Notary Public for Oregon
My Commission Expires: April 5, 2007

OFFICIAL SEAL
JAMIE KAYLER
NOTARY PUBLIC - OREGON
COMMISSION NO. A367115
MY COMMISSION EXPIRES APR. 5, 2007

STATE OF OREGON)
: ss.
County of Marion)

On this 8th day of September, 2003, before me appeared Bob Cantine, who being first duly sworn states that he/she is the Executive Director of the Association of Oregon Counties and has executed this Declaration of Trust pursuant to authority granted by its Board of Directors.

BEFORE ME: Jamie Kayler
Notary Public for Oregon
My Commission Expires: April 5, 2007

OFFICIAL SEAL
JAMIE KAYLER
NOTARY PUBLIC - OREGON
COMMISSION NO. A367115
MY COMMISSION EXPIRES APR. 5, 2007

STATE OF OREGON)
: ss.
County of Marion)

On this 8th day of September, 2003, before me appeared Chris Dudley, who being first duly sworn states that he/she is the Executive Director of the Oregon School Boards Association and has executed this Declaration of Trust pursuant to authority granted by its Board of Directors.

BEFORE ME: Jamie Kayler
Notary Public for Oregon
My Commission Expires: April 5, 2007

OFFICIAL SEAL
JAMIE KAYLER
NOTARY PUBLIC - OREGON
COMMISSION NO. A367115
MY COMMISSION EXPIRES APR. 5, 2007

Exhibit 13

Intergovernmental Agreement

This Agreement made and entered into by and between the League of Oregon Cities, a department of cities under ORS 190.010 to 190.110, and the Association of Oregon Counties, a department of counties under ORS 190.010 to 190.110, in consideration of the agreements on the part of each of the others herein contained.

Witnesseth:

We do hereby agree as follows:

Recitals:

1. The parties hereto have established an organization known as Oregon Local Government Personnel Institute (herein referenced as "LGPI" or "Institute"), the purposes of which are to provide services and information and to act as a clearinghouse for local government employers in matters relating to personnel program development. LGPI programs and services, as determined by the board of Directors, may include, but shall not be limited to, the following:

a. Development and maintenance of a resource library of personnel materials on federal, state and local government, including personnel rules and regulations, pay plans and position-classifications plans, personnel program and labor relations developments, employer-employee relations materials, and other personnel materials.

b. Maintenance of an inventory of factual materials on economic trends, and salaries and fringe benefits at the national, state, and local government levels.

c. Provision of assistance to local governments through answering inquiries on personnel program development, employer-employee relations, and other personnel program matters.

d. Provision of assistance to local governments through publication of personnel bulletins and other bulletins on personnel program development, employer-employee relations, salary and fringe benefit information, personnel programs and practices and policies, economic trends, and other personnel program information.

e. Conduct studies and surveys of salaries and fringe benefits, personnel practices and policies, and related personnel matters in local governments.

f. Sponsorship or co-sponsorship of institutes, seminars, and training programs relating to local government labor relations and personnel program development and practices.

g. Consultation on general local government personnel problems and programs to individual local governments.

h. Provide advice and consultation to local government officials and their associations on the impact of federal and state laws affecting local government personnel administration.

2. The Board of Directors will be comprised of eight members. This revised agreement makes no changes to existing operations, responsibilities, debts and other obligations, except it clarifies that LOC and AOC will, only on an emergency basis, share on an equal basis one-half of the general operating expenses of the Institute not covered by other income. This Intergovernmental agreement continues to provide for the organization, financing and management of LGPI as a joint venture of the parties to the agreement.

Board of Directors and Staff

1. Beginning on the date of the last signature to this agreement, LGPI shall be under the general supervision and direction of an eight member Board of Directors, comprised of: the Executive Directors of AOC and LOC, three members appointed by the LOC Board of Directors (one of which shall be an appointed city official, one of which shall be an elected city official, and one of which shall be an at large position) and three members appointed by the AOC Board of Directors (one of which shall be an appointed county administrator, one of which shall be an appointed county human resources director, and the other an elected county official). All authority for LGPI is vested in the Board of Directors except as provided for in this agreement. The existing board will continue as the LGPI board until their successors have been appointed. Terms for the eight appointed members from LOC and AOC will be up to three years in length, with the initial term length to be determined by the Executive Directors of LOC and AOC, to allow for staggering the terms of new members. The Chairperson of the LGPI Board shall be either the Executive Director of LOC or the Executive Director of AOC. The Chairperson will be elected by the Board at the last board meeting for each fiscal year and will begin their term as Chairperson on July 1st each year. It is the intention of the Board of Directors that daily operation of the Institute shall be under the supervision and control of an Executive Director who shall be selected by the Board of Directors, and who shall serve at the pleasure of the Board of Directors.

2. The Executive Director of LGPI shall have responsibility for carrying out programs and policies determined by the Board of Directors, including, but not limited to, the following:

- Assist elected local government officials in development of individual local government personnel programs;
- Provide information to local government agencies in Oregon that will assist personnel administrators and public managers in carrying out local personnel programs;
- Work with the statewide associations of cities, counties and other local governments in conducting training conferences and seminars on personnel programs for local officials;
- Develop and supervise special projects related to personnel program improvement, and assume responsibility for appropriate staffing and financing related thereto; and
- Assist in implementation of programs in Oregon under the Intergovernmental Personnel Act, including carrying out contract responsibility for preparing the local government component of the plan and coordinating efforts of cooperating agencies in implementing the plan.

The Executive Director shall have authority to execute contracts on behalf of LGPI without the approval of the Board of Directors that are under one year in duration and do not exceed more than $10,000 in obligations, provided there are sufficient budgeted funds for such contract. All other agreements require approval of the Board of Directors, provided however that rental, leasing, mortgaging, purchasing, selling receiving and holding of real property must be ratified by the governing bodies of AOC and LOC prior to being effective. All leases, purchases, and installment sales contracts having a total value in excess of $50,000 must also be ratified by the governing bodies of AOC and LOC prior to being effective.

The Executive Director shall prepare for the Board of Director's approval purchasing rules, personnel policies, and an employee compensation plan.

3. Administrative and support services may be provided to the Institute on a contract basis by any one of the parties to this agreement.

Income and Expenditures:

Expenditures of LGPI shall be in accordance with an annual budget adopted by the Board of Directors. Adoption of the budget shall require the unanimous vote of the Board of Directors. The Institute is expressly authorized to make charges for and accept funds from federal or state governments or other sources to carry out programs and activities in accordance with the Institute's purposes and approved budget. It is the general intent of the parties to this agreement that the Institute shall provide services and information on a membership fee, charge, or contract basis in order that Institute programs and services shall insofar as possible be financially self-supporting. However, if an emergency arises, the parties to this agreement agree to share on an equal basis one-half of the general operating expenses of the Institute not covered by other income.

Coordination and Limitations on Services

LGPI will enter into a memorandum of understanding with CityCounty Insurance Services (CIS) that provides for the coordination of services to members of CIS. LGPI shall not represent a public body on any matter in state or federal court. LGPI may offer investigative services, but under no circumstances will LGPI investigate city elected officials. If LGPI offers investigative services, it shall not provide legal advice in connection with the provision of investigative services. LGPI shall only offer services to government entities that are members of AOC and LOC.

Amendment:

This agreement may be amended at any time upon a majority vote of the governing body of AOC and the governing body of LOC.

Distribution of Assets and Liabilities Upon Termination

1. In the event LGPI is terminated, assets, as well as indebtedness or liabilities shall be split between the parties to the agreement. Further, the parties will mutually agree on how to divide, dispose of the asset, liabilities and indebtedness of LGPI upon termination.

2. Income or moneys collected by or credited to LGPI shall not accrue to the benefit of any pnvate person, firm, or corporation but shall accrue only to the parties to this agreement.

Duration:

This agreement as the same may be amended from time to time, shall continue for an indefinite period and shall terminate only upon agreement of the respective parties.

Dated and signed by order of the Board of Directors of each of the respective parties.

Dated July 22, 2015

Mike McCauley, Executive Director

League of Oregon Cities

Dated September 21, 2015

Mike McArthur, Executive Director

Association of Oregon Counties

Exhibit 14

JOINT VENTURE AGREEMENT

THIS AGREEMENT made and entered into by and between the League of Oregon Cities, an unincorporated association, created by and an agency of the cities of the State of Oregon, the Association of Oregon Counties, an unincorporated association, created by and an agency of the counties of the State of Oregon, and the Oregon School Boards Association, an unincorporated association, created by and an agency of the school districts of the State of Oregon, in consideration of the agreements on the part of each of the others herein contained.

W I T N E S S E T H :

We do hereby agree as follows:

RECITALS:

1. The parties hereto desire to establish an organization to be known as Oregon Local Government Personnel Institute, the purposes of which shall be to provide services and information and to act as a clearinghouse for local government employers in matters relating to personnel program development. Local Government Personnel Institute programs and services, as determined by the Board of Directors, may include, but shall not be limited to, the following:

a. Development and maintenance of a resource library of

personnel materials on federal, state and local government, including personnel rules and regulations, pay plans and position-classifications plans, personnel program and labor relations developments, employer-employe relations materials, and other personnel materials.

b. Maintenance of an inventory of factual materials on economic trends, and salaries and fringe benefits at the national, state, and local government levels.

c. Provision of assistance to local governments through answering inquiries on personnel program development, employer-employe relations, and other personnel program matters.

d. Provision of assistance to local governments through publication of personnel bulletins and other bulletins on personnel program development, employer-employe relations, salary and fringe benefit information, personnel programs and practices and policies, economic trends, and other personnel program information.

e. Conduct studies and surveys of salaries and fringe benefits, personnel practices and policies, and related personnel matters in local governments.

f. Sponsorship or co-sponsorship of institutes, seminars, and training programs relating to local government labor relations and personnel program development and practices.

g. Consultation on general local government personnel problems and programs to individual local governments.

h. Provide advice and consultation to local government officials and their associations on the impact of federal and state laws affecting local government personnel administration.

2. This agreement is to provide for the organization, financing and management of the Local Government Personnel Institute as a joint venture of the parties to the agreement.

Board of Directors and Staff:

1. The Local Government Personnel Institute shall be under the general supervision and direction of a Board of Directors of three members which shall consist of the executive secretaries of the parties to this agreement. It is the intention of the Board of Directors that daily operation of the Institute shall be under the supervision and control of a full-time Coordinator who shall be selected by the Board of Directors, and who shall serve at the pleasure of the Board of Directors.

2. The Coordinator of the Local Government Personnel Institute shall have responsibility for carrying out programs and policies determined by the Board of Directors, including, but not limited to, the following:

- assist elected city, county and school board officials in development of individual local government personnel programs;
- provide information to local government agencies in Oregon that will assist personnel administrators and public managers in carrying out local personnel programs;

- work with the statewide associations of cities, counties and school boards in conducting training conferences and seminars on personnel programs for local officials;
- develop and supervise special projects related to personnel program improvement, and assume responsibility for appropriate staffing and financing related thereto; and
- assist in implementation of programs in Oregon under the intergovernmental Personnel Act, including carrying out contract responsibility for preparing the local government component of the plan and coordinating efforts of cooperating agencies in implementing the plan.

3. Administrative and support services may be provided to the Institute on a contract basis by any one of the parties to this agreement.

Availability of Institute Services:

Services of the Institute shall be furnished to any member of any of the sponsoring organizations in good standing upon request and upon payment of any fees as determined by the Board of Directors. Units of government not eligible for membership in any of the three sponsoring organizations may be offered services at a fee determined by the Board of Directors.

Income and Expenditures:

Expenditures of the Local Government Personnel Institute shall be in accordance with an annual budget adopted by the Board of Directors.

Adoption of the budget shall require the unanimous vote of the Board of Directors. The Institute is expressly authorized to make charges for and accept funds from federal or state governments or other sources to carry out programs and activities in accordance with the Institute's purposes and approved budget. It is the general intent of the parties to this agreement that the Institute shall provide services and information on a membership fee, charge or contract basis in order that Institute programs and services shall insofar as possible be financially self-supporting. However, the parties to this agreement also recognize that certain general expenses of the Institute may not be recovered from fees or charges for services rendered, and it is the intent of each of the parties to this agreement to share on an equal basis one-third of the general operating expenses of the Institute not covered by other income.

Amendment:

This agreement may be amended at any time upon a unanimous vote of the three parties thereto.

Duration:

This agreement as the same may be amended from time to time, shall continue for an indefinite period and shall terminate only upon agreement of the respective parties.

DATED and signed by order of the Board of Directors of each of the respective parties.

DATED July 1, 1972

LEAGUE OF OREGON CITIES

BY: _____
Executive Secretary

DATED 6-1-72

ASSOCIATION OF OREGON COUNTIES

BY: _____
Executive Secretary

DATED 7-1-72

OREGON SCHOOL BOARDS ASSOCIATION

BY: _____
Executive Secretary

Exhibit 15

STATE OF OREGON

DEPARTMENT OF REVENUE

In the Matter of the Appeal of James R. Moore, President of the League of Oregon Cities; Pat McCarthy, President of the Association of Oregon Counties; and John D. Peterson, President of the Oregon School Boards Association Trustees from the Action of the Marion County Assessor Concerning Certain Real Property Assessments for the 1971 Assessment Year.	OPINION AND ORDER NO. VL 72-212

James R. Moore, President of the League of Oregon Cities et al, hereinafter referred to as "Petitioners", have appealed to the Department of Revenue pursuant to the provisions of ORS 306.520 from the action of the Marion County Assessor concerning the assessment for the year 1971 of certain real property described as the Assessor's Account Number 33372, 33373, 33374 and 33375. The property is located at the northeast corner of Court and 12th Streets in Salem, where the Petitioners are constructing an office building.

The issue presented by this appeal is whether the subject property was exempt from assessment and taxation for the 1971 assessment year.

A hearing was held before Mr. Jack M. Burke, Hearing Officer for the Department of Revenue, on December 14, 1971, in the State Office Building in Salem. Present were:

1. Mr. Edward D. Harms, Jr., Attorney for the Petitioners
2. Mr. Duane Ertsgaard, County Counsel for Marion County, representing the Marion County Assessor
3. Mr. Harold Domogalla, Marion County Assessor.

A Summary of Evidence and Recommendation were prepared by the hearing officer and reviewed by me.

The Petitioners are basing their exemption upon ORS 307.090 which provides in part as follows:

> "(1) Except as provided by law, all property of the state and all public or corporate property used or intended for corporate purposes of the several counties, cities, towns, school districts, . . .and all other public or municipal corporations in this state, is exempt from taxation."

The property in question is held in trust for three unincorporated associations, the League of Oregon Cities created by the cities of the State of Oregon, the Association of Oregon Counties created by the counties of the State of Oregon, and the Oregon School Boards Association created by the school districts of the State of Oregon. The trust agreement states that the property is held in trust for the exclusive use of these specific associations.

It is my opinion that the property is exempt for the reasons that are set forth below.

The arguments presented by the Petitioners are that the property held in trust for the League of Oregon Cities, the Association of Oregon Counties and the Oregon School Boards Association is for governmental purposes performed by those organizations and for the members of those organizations and is exempt from ad valorem taxation because it is governmental property. These arguments and the nature of the associations must be analyzed to determine the proper exemption rule to apply to these properties. The rule of law applied to property of a governmental unit used for government purposes is different from that applied to property of an owner whose property is normally taxable. The rule for municipal corporations is stated in Central Lincoln P.U.D. v. State Tax Commission, 221 Or 398, 406, 351 P2d 694 (1960) as follows:

> "The intention to tax a municipality is not to be inferred, but must be clearly manifested by an affirmative legislative declaration. [Citing cases]."

On the other hand, the rule that is to be applied to a person or organization whose property is normally taxable is as follows:

> "Taxation is the rule and exemption from taxation is the exception. Corporation of Sisters of Mercy v. Lane County, 123 Or 144, 152, 261 P 694; Benton County v. Allen, 170 Or 481, 484, 133 P2d 991. Moreover, statutes exempting property are strictly construed and an exemption is denied unless it is so clearly granted as to be free from reasonable doubt. Behnke-Walker v. Multnomah County, 173 Or 510, 521, 146 P2d 614; Methodist Book Concern v. State Tax Commission, 186 Or 585, 592, 208 P2d 319." Methodist Homes, Inc. v. Tax Commission, 226 Or 298, 307, 360 P2d 293 (1961).

It is necessary to determine the exact nature of the three associations, whether they are actually carrying out a governmental purpose for a political subdivision of the State of Oregon to determine which rule shall apply.

Persons who are hired by the associations in question are considered to be hired by public employers under ORS 237.003(7) for purposes of the Public Employees Retirement System. 31 Op Att'y Gen. 304 (1967). ORS 237.003(7) states that the term "public employer" means the state or one of its political subdivisions or an agency created by two or more such political subdivisions to provide themselves governmental services. This subsection also states that for purposes of the Public Employees Retirement Act such agency created by two or more political subdivisions is a governmental instrumentality and a legal entity with power to enter into contracts, hold property and sue and be sued. This statute gives such agencies or associations special power for purposes of the Public Retirement Act of 1953. This would seem to imply that without special authority the agencies or associations would not have all the powers enumerated in subsection (7) of ORS 237.003.

The Oregon statutes, contrary to statutes of many other states, do not contain any specific provisions relating to unincorporated associations. However, the Supreme Court of Oregon in trying to find out whether a person was liable on a contract executed by a trade association stated:

> "Officers acting on behalf of unincorporated associations are deemed agents and their authority determined by the law of agency. United States Nat. Bank v. Guiss, 214 Or 563, 583, 331 P2d 865 (a fraternal organization). A member of an unincorporated association is not obligated by a contract entered into by the association through its officers unless the member expressly or impliedly consented to become so obligated. Cousin V. Taylor, 115 Or 472, 239 P 96, 41 ALR 750." Hann v. Nored, 233 Or. 302, 313, 378 P2d 569 (1963).

Applying the rule of law stated in this case, one must conclude that the officers and employees of the associations are in fact acting for the individual cities, counties and school districts which make up the membership of the associations.

The objects of the associations as contained in their constitutions and bylaws are very parallel. These are as follows: (a) to maintain a permanent organization to secure cooperation among the several [counties, cities or school boards whichever is applicable] and a comprehensive study of local problems and an application of efficient methods of local government; (b) to

provide means whereby the officials of the several [governmental units] may interchange ideas and experiences and obtain expert advice; (c) to collect, compile and distribute to [officers of the various governmental units] information about government and the administration of [a particular governmental unit] and to engage in the study of standardization of administrative practices in order to increase efficiency and reduce cost of operation; (d) to cooperate with members of the Oregon congressional delegation in the protection of the interests of [the particular governmental unit] in matters of national legislation and administration of national legislative acts; (e) to formulate and promote such state legislation as will be beneficial to the [particular type of governmental unit] of this state and the citizens thereof, and to oppose legislation detrimental thereto; (f) to secure harmony of action among [the governmental units] of this state in matters that affect the rights and liabilities of [the particular governmental units]; (g) to institute litigation in the name of a member [the particular governmental unit named] for the purposes of securing a determination relative to the rights and liabilities of the [particular governmental unit] of this state under any constitutional provision for statute, to appear as a friend of the court in any court proceeding wherein the rights and liabilities of [the particular governmental unit] are affected, and to appoint or employ counsel for the purpose herein mentioned; (h) to cooperate with the [other associations] in bettering local administration and to endeavor to secure financial assistance from those foundations established for municipal research and betterment; (i) to do any and all other things necessary and proper for the benefit of the [particular governmental units] of this state; and (j) to appoint or employ counsel for the purposes of affecting any of the objectives of this organization herein mentioned.

These particular objectives were taken from the bylaws of the Association of Oregon Counties but are paralleled in the constitutions and bylaws of the League of Oregon cities and the Association of Oregon School Boards. These items would appear to be proper governmental purposes.

The questions of whether the financial contributions to leagues of municipalities or associations or similar organizations is a proper governmental

expenditure is discussed in 56 Am. Jur 2d 268, Municipal Corporations, etc., Section 209. This discussion would indicate that under the very early cases, financial contributions to a league of municipalities or an association similar to those considered in this appeal, are not proper expenditure of money by the members thereof as being for proper governmental purposes. However, the later cases almost unanimously state that such contributions to the league or association are proper governmental expenditures. Hays v. Kalamazoo, 316 Mich. 443, 25 N.W.2d 787 (1947); People ex rel Schlaeger v. Bunge Bros. Coal Co., 392 Ill. 153, 64 N.E.2d 365 (1945). The courts have also approved expenditures of public money by municipalities to pay the expenses of delegates to a convention of a municipal league or association. Powell v. San Francisco, 62 Cal, App. 2d 291, 144 P2d 617 (1944); Tousley v. Leach, 180 Minn. 293, 230 N.W. 788 (1930); Ward v. Frohmiller, 55 Ariz. 202, 100 P2d 167 (1940). These cases and others discussed in 169 A.L.R. 1230 to 1235 indicate that the modern trend is to approve contributions and expenditures to or on behalf of such trade associations as being proper municipal and governmental expenditures. Therefore, it is my opinion that the League of Oregon Cities, the Association of Oregon Counties and the Oregon School Boards Association, are all agencies carrying out governmental function on behalf of the member governments of each association as has been alleged in the petition. But in order to apply either of the rules, ownership of the property must be determined.

The subject property is held in trust exclusively for the three associations which, as stated in the preceding paragraph, are agents of the member governmental agencies. In Securities Savings & Trust Co. v. Lane County, 152 Or. 108, 53 P2d 33 (1935) the Oregon Supreme Court had before it the question of whether certain property which was placed in trust for the State of Oregon was exempt or not. This particular trust was created for the maintenance of a chair of instruction of real estate and insurance in the School of Business Administration of the University of Oregon. The trust instrument also provided that there were many intermediary beneficiaries who were relatives and friends of the donor and who were to receive the benefits of the trust either for as long as they lived or until certain specific amounts were paid in full. After

discussing the many cases dealing with trusts and how property must be held before it can secure an exemption, the court concluded on page 146 as follows:

> "Applying the principles of law expressed in the above authorities, it is our belief that the exemption claimed in this suit cannot be granted under our statute unless (1) the fee is vested in the state, or (2) the state's beneficial interest is exclusive of all equities of non-exempt persons. It is clear that these conditions are not present. Therefore, the property is subject to taxation."

In the case under consideration, there are no intervening beneficiaries as there were in the Securities Savings & Trust Co. case, supra. The trust is set up exclusively for the use of the associations which have been determined to be agents of the member governments of each association. Therefore, it is my opinion that this is governmental property being used for governmental purposes, and that the rule which should be applied is that set forth in Central Lincoln P.U.D. v. State Tax Commission, 221 Or, 398, 406, 351 P2d 694 (1960) that the intention to tax a municipality is not to be inferred, but must be clearly manifested by an affirmative legislative declaration. I have been unable

to find any such declaration. Therefore, I find that the property in question should be granted the exemption.

WHEREFORE IT IS ORDERED that James F. Heenan, Sheriff and Tax Collector for Marion County, strike the assessment of the subject property from the 1971-72 tax roll.

Dated at Salem, Oregon, this 7th day of June, 1972.

DEPARTMENT OF REVENUE

/s/ C. H. Mack

Director

CERTIFIED TO BE A TRUE COPY

Hearing Officer

DEPARTMENT OF REVENUE, STATE OF OREGON

Note: If you are dissatisfied with this decision, you may appeal to the State Tax Court in the manner provided by ORS 306.545 within 60 days after the date the Department's order was mailed to you.

Exhibit 16

ORIGINAL AGREEMENT

Signed 9-28-51

AGREEMENT

The Federal Security Administrator, hereinafter called the Administrator, and the State of Oregon, hereinafter called the State, hereby agree, in accordance with the terms and conditions herein stated, to extend, in conformity with section 218 of the Social Security Act, the insurance system established by Title II of the Social Security Act, to services performed by individuals as employees of political subdivisions of the State of Oregon named in the list hereto attached and by this reference made a part hereof.

It is understood and agreed that words and phrases herein used shall have the meaning given them, respectively, in the definitions set forth in the Social Security Act.

Article I

Coverage

1. All individuals in any coverage group, except employees performing services herein listed as excluded, must be covered if any of the group are to be covered.
2. The Political Subdivision must include all services in regular full-time or part-time positions listed in its budget estimate or otherwise designated as usual items of salary or wage expense, and in similar positions established after the estimate is made.
3. Political Subdivisions at their option may either include or exclude the following types of service:
   (a) All services in any class or classes of elective positions.
   (b) Services performed by employees in part-time positions working on a retainer basis, if paid a regular stipend at least monthly.

4. The following types of service must be excluded:

(a) Services in positions the compensation for which is on a fee basis.

(b) Services by an employee who is employed to relieve him from unemployment.

(c) Services performed in a hospital, home or institution by a patient or an inmate thereof.

(d) Agricultural labor or services performed by a student, if such work would be excluded if performed for a private employer.

(e) Employees in part-time positions working on a retainer basis if compensated otherwise than by regular stipend paid at least monthly.

(f) Covered transportation service (as defined in section 210 (1) of the Social Security Act).

(g) Service which is excluded from employment by any provisions of section 210(a) of the Social Security Act, other than paragraph (8) of such section.

(h) Any services of an emergency nature.

(i) Services performed by employees as members of any coverage group in positions covered by a retirement system on the date that this agreement is made applicable to such coverage group.

Article II

Payments and Reports by the State

1. The State will pay to the Secretary of the Treasury, at such time or times as the Administrator may by regulation prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 1400 and 1410 of Title 26, U.S.C.A., if the services of employees covered by this agreement constituted employment as defined in section 1426 of said Title 26.

2. The State will comply with such regulations as the Administrator may prescribe to carry out the purposes of section 218 of the Social Security Act.

Article III

Modification of Agreement

This agreement will be modified at the request of the State to include coverage groups or Political Subdivisions in addition to those listed in the appendix, or to include additional services not now included in this agreement, such modification to be consistent with the provisions of section 218 of the Social Security Act.

Article IV

Termination of Agreement

1. In accordance with the terms and conditions of section 218(g) the State may terminate this agreement in its entirety, or may terminate this agreement with respect to any coverage group designated by the State.
2. It is understood and agreed that the Administrator, after reasonable notice and opportunity for the State to be heard, may find that the State has failed to comply substantially with any provision of this agreement, or section 218 of the Social Security Act, or is no longer legally able so to comply, in which case the Administrator shall notify the State that the agreement will be terminated in its entirety, or with respect to any one or more coverage groups designated by him, at such time, within two years after the date of such notice, as the Administrator deems appropriate, unless prior to such time that officer shall find that there is no longer such failure or that the cause of such legal inability has been removed. If under this section, or section 1 of this article, an agreement is terminated with respect to any coverage group, such

termination shall be effective also with respect to any additional services in such coverage group included in the agreement pursuant to any modification thereof under Article III.

Article V

Adjustments, Refunds, and Interest on Delinquent Payments

1. If more or less than the correct amount due under Article II (1) of this agreement is paid with respect to any payment of remuneration, proper adjustment with respect to the amounts due under such Article II (1) shall be made, without interest, upon such conditions, in such manner, and at such times, as may be prescribed by regulation of the Administrator. If an overpayment cannot be so adjusted, refund shall be made in accordance with section 218 (h) (3) of the Social Security Act.

2. If the State does not make, at the time or times due, the payments provided for under this agreement, there shall be added, as part of the amounts due (except in the case of adjustments made in accordance with the provisions of section (1) of this article), interest at the rate of six per centum per annum from the date due until paid, and without prejudice to other available methods of dollection, the Administrator, in his discretion, may deduct such amounts plus interest from any amounts, now or hereafter provided, which he may certify to the Secretary of the Treasury for payment to the State under any provisions of the Social Security Act. Amounts so deducted shall be deemed to have been paid to the State under such provisions of the Social Security Act.

Article VI

Effective Date

This agreement shall be effective as of July 1, 1951, or as of the respective dates specified in the appendix with respect to each of the Political Subdivisions listed therein.

This agreement is entered into this 28th day of September, 19 51, by Arthur J. Altmeyer, Commissioner for Social Security, pursuant to section 218 of the Social Security Act, acting herein by virtue of authority vested in him by Oscar R. Ewing, Federal Security Administrator, in Federal Security Agency Order 9 dated March 8, 1951, and the State of Oregon, acting herein through the Public Employes Retirement Board by virtue of the authority granted by Chapter 454, Oregon Laws 1951.

By /s/ A. J. Altmeyer
Commissioner for Social Security

STATE OF OREGON

By /s/ W. C. Schuppel
Chairman of the Public Employes Retirement Board of the State of Oregon

ATTEST:

/s/ Max M. Manchester
Executive Secretary
Public Employes Retirement Board

Exhibit 17

Chapter 30

2007 EDITION

Actions and Suits in Particular Cases

ACTIONS FOR INJURY OR DEATH

30.010 Who may maintain action for injury or death of child

30.020 Action for wrongful death; when commenced; damages

30.030 Distribution of damages

30.040 Apportionment among dependents upon settlement

30.050 Apportionment among dependents after judgment

30.060 Appeal from order of distribution or apportionment

30.070 Settlement; discharge of claim

30.075 Procedure upon death of injured person

30.080 Effect of death of wrongdoer

30.090 Appointment of administrator of estate of wrongdoer

30.100 Substitution of personal representative as party defendant

ACTIONS BY GUEST PASSENGERS

30.115 Aircraft and watercraft guest passengers; definitions

30.130 Public carriers by aircraft and prospective aircraft purchasers

LIABILITY OF CERTAIN PERSONS PROVIDING MOTOR VEHICLES

30.135 Liability of certain persons that lend, rent, donate use of, make available for test drive or otherwise provide motor vehicle

ACTIONS ON CERTAIN CONSTRUCTION AGREEMENTS

30.140 Certain indemnification provisions in construction agreement void

ACTIONS AGAINST FORMER EMPLOYER FOR DISCLOSURE OF INFORMATION

30.178 Liability of employer for disclosing information about employee to new employer; no action based on compelled self-publication

ACTIONS ARISING OUT OF THE PROVISION OF UTILITY SERVICES

30.180 Definitions for ORS 30.180 to 30.186

30.182 Civil action for taking of or tampering with utility services

30.184 Amount recoverable; attorney fees

30.186 Remedies not exclusive

ACTIONS ARISING OUT OF THE PROVISION OF CABLE SERVICES

30.192 Definitions for ORS 30.192 to 30.196

30.194 Prohibitions relating to cable services

30.195 Civil action for violation of prohibitions relating to cable services

30.196 Amount recoverable; attorney fees

ACTIONS FOR INTIMIDATION

30.198 Civil action for intimidation; remedies; attorney fees; liability of parents

30.200 Action by district attorney; effect on others

ACTIONS ON OFFICIAL BONDS

30.210 To whom official bonds are security

30.220 Parties

30.230 Leave to begin action

30.240 Subsequent delinquencies on same bond

30.250 Amount of judgment

TORT ACTIONS AGAINST PUBLIC BODIES

(Generally)

30.260 Definitions for ORS 30.260 to 30.300

30.261 Limitation on applicability of ORS 30.260 to 30.300 to certain private, nonprofit organizations

30.262 Certain nonprofit facilities and homes public bodies for purposes of ORS 30.260 to 30.300

30.264 Liability insurance for students involved in off-campus experiential activities; coverage under ORS 30.260 to 30.300

30.265 Scope of liability of public body, officers, employees and agents; liability in nuclear incident

30.267 Liability for certain medical treatment at Oregon Health and Science University facilities

30.268 Liability for certain medical treatment at facilities other than Oregon Health and Science University

30.270 Amount of liability

30.275 Notice of claim; time of notice; time of action

30.278 Reporting notice of claim of professional negligence to licensing board

30.282 Local public body insurance; self-insurance program; action against program

30.285 Public body shall indemnify public officers; procedure for requesting counsel; extent of duty of state; obligation for judgment and attorney fees

30.287 Counsel for public officer; when public funds not to be paid in settlement; effect on liability limit; defense by insurer

30.290 Settlement of claims by local public body

30.295 Payment of judgment or settlement; remedies for nonpayment; tax levy for payment; installment payments

under this section, in an amount not to exceed $5,000. [Formerly 30.190]

30.200 Action by district attorney; effect on others. If any district attorney has reasonable cause to believe that any person or group of persons is engaged in violation of ORS 166.155 or 166.165, the district attorney may bring a civil claim for relief in the appropriate court, setting forth facts pertaining to such violation, and request such relief as may be necessary to restrain or prevent such violation. Any claim for relief under this section does not prevent any person from seeking any other remedy otherwise available under law. [1981 c.785 §4]

ACTIONS ON OFFICIAL BONDS

30.210 To whom official bonds are security. The official undertaking or other security of a public officer to the state, or to any county, city or other public corporation of like character therein, is a security to the state, county, city or public corporation, as the case may be, and also, to all persons severally for the official delinquencies against which it is intended to provide.

30.220 Parties. When a public officer by official misconduct or neglect of duty forfeits an official undertaking or other security of the public officer, or renders the sureties of the public officer liable thereon, any person injured by the misconduct or neglect, or who is by law entitled to the benefit of the security, may maintain an action thereon in the name of the person, against the officer and the sureties of the officer, to recover the amount to which the person may by reason thereof be entitled.

30.230 Leave to begin action. Before an action can be commenced by a plaintiff other than the state, or the public corporation named in the undertaking or security, leave shall be obtained of the court or judge thereof where the action is triable. Such leave shall be granted upon the production of a certified copy of the undertaking or security, and an affidavit of the plaintiff or some person on behalf of the plaintiff showing the delinquency; but if the matters set forth in the affidavit are such that, if true, the party applying would clearly not be entitled to recover in the action, the leave shall not be granted. If it does not appear from the complaint that leave has been granted, the defendant on motion shall be entitled to judgment of dismissal without prejudice; if it does, the defendant may controvert the allegation, and if the issue be found in favor of the defendant, judgment shall be given accordingly. [Amended by 1979 c.284 §63]

30.240 Subsequent delinquencies on same bond. A judgment in favor of a party for one delinquency shall not preclude the same or another party from maintaining another action on the same undertaking or security for another delinquency.

30.250 Amount of judgment. In an action upon an official undertaking or security, if judgments have already been recovered on the same undertaking or security against the surety therein, other than by confession, and if such recovery is established on the trial, judgment shall not be given against the surety for an amount exceeding the difference between the amount of the penalty and the amount that already has been recovered against the surety.

TORT ACTIONS AGAINST PUBLIC BODIES

(Generally)

30.260 Definitions for ORS 30.260 to 30.300. As used in ORS 30.260 to 30.300, unless the context requires otherwise:

(1) "Department" means the Oregon Department of Administrative Services.

(2) "Director" means the Director of the Oregon Department of Administrative Services.

(3) "Governing body" means the group or officer in which the controlling authority of any public body is vested.

(4) "Public body" means:

(a) The state and any department, agency, board or commission of the state;

(b) Any city, county, school district or other political subdivision or municipal or public corporation and any instrumentality thereof;

(c) Any intergovernmental agency, department, council, joint board of control created under ORS 190.125 or other like entity which is created under ORS 190.003 to 190.130, and which does not act under the direction and control of any single member government;

(d) Any nonprofit corporation that is organized and existing under ORS chapter 65 and that has only political subdivisions or municipal, quasi-municipal or public corporations in this state as members;

(e) A private child-caring agency, as defined in ORS 418.205, that meets the criteria specified in ORS 278.322 (1)(a) and that receives more than 50 percent of its funding from the state for the purpose of providing residential treatment to children who have been placed in the care and custody of the state or that provides residential treatment to children more than half of whom have

been placed in the care and custody of the state; or

(f) A private, nonprofit organization that provides public transportation services if more than 50 percent of the organization's funding for the purpose of providing public transportation services is received from governmental bodies.

(5) "State" means the state or any branch, department, agency, board or commission of the state.

(6) "Local public body" means any public body other than the state.

(7) "Nuclear incident" has the meaning given that term in 42 U.S.C. 2014(q).

(8) "Tort" means the breach of a legal duty that is imposed by law, other than a duty arising from contract or quasi-contract, the breach of which results in injury to a specific person or persons for which the law provides a civil right of action for damages or for a protective remedy. [1967 c.627 §1; 1975 c.609 §11; 1977 c.823 §1; 1981 c.109 §1; 1987 c.915 §9; subsections (7) and (8) enacted as 1987 c.705 §6; 1989 c.905 §1; 1989 c.1004 §2; 1993 c.500 §3; 1997 c.215 §4; 2005 c.684 §1; 2005 c.798 §2]

30.261 Limitation on applicability of ORS 30.260 to 30.300 to certain private, nonprofit organizations. A private, nonprofit organization described under ORS 30.260 (4)(f) is subject to ORS 30.260 to 30.300 only for the purposes of providing public transportation services. [2005 c.684 §4]

Note: 30.261 was added to and made a part of 30.260 to 30.300 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

30.262 Certain nonprofit facilities and homes public bodies for purposes of ORS 30.260 to 30.300. (1) The following facilities and training homes are public bodies for the purposes of ORS 30.260 to 30.300:

(a) A nonprofit residential training facility as defined in ORS 443.400, nonprofit residential training home as defined in ORS 443.400 or nonprofit facility as defined in ORS 427.005, organized and existing under ORS chapter 65, that receives more than 50 percent of its funding from the state or a political subdivision of the state for the purpose of providing residential or vocational services to individuals with mental retardation or developmental disabilities.

(b) A nonprofit residential training facility as defined in ORS 443.400, nonprofit residential training home as defined in ORS 443.400 or nonprofit facility as defined in ORS 427.005, organized and existing under ORS chapter 65, that receives less than 50 percent of its funding from the state or a political subdivision of the state but that provides residential or vocational services to individuals with mental retardation or developmental disabilities, more than half of whom are eligible for funding for services by the Department of Human Services under criteria established by the department.

(2) The provisions of this section apply only to a nonprofit residential training facility, nonprofit residential training home or nonprofit facility that provides services to individuals with mental retardation or developmental disabilities under a contract with:

(a) The Department of Human Services; or

(b) A community mental health and developmental disabilities program established pursuant to ORS 430.620. [1997 c.579 §2; 2001 c.900 §9; 2007 c.70 §8]

Note: 30.262 was added to and made a part of 30.260 to 30.300 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

30.264 Liability insurance for students involved in off-campus experiential activities; coverage under ORS 30.260 to 30.300. (1) The State Board of Higher Education may authorize higher education institutions under the control of the board to provide liability insurance coverage for students involved in off-campus experiential activities, including, but not limited to, student teaching, internships, clinical experiences, capstone projects and related activities.

(2) If commercial liability insurance coverage is not available to higher education institutions, students participating in the activities described in subsection (1) of this section shall be considered to be acting within the course and scope of state employment duties for purposes of ORS 30.260 to 30.300. [2001 c.370 §2]

30.265 Scope of liability of public body, officers, employees and agents; liability in nuclear incident. (1) Subject to the limitations of ORS 30.260 to 30.300, every public body is subject to action or suit for its torts and those of its officers, employees and agents acting within the scope of their employment or duties, whether arising out of a governmental or proprietary function or while operating a motor vehicle in a ridesharing arrangement authorized under ORS 276.598. The sole cause of action for any tort of officers, employees or agents of a public body acting within the scope of their employment or duties and eligible for representation and indemnification under ORS 30.285 or 30.287 shall be an action against the public body only. The remedy provided by ORS 30.260 to 30.300 is exclusive of any other action or suit against any such officer, employee or agent of a public body whose act or omission within the scope of the officer's, employee's or agent's employment or duties gives rise to the action or suit. No other

Exhibit 18

Note 2: The amendments to 30.278 by section 12, chapter 5, Oregon Laws 2013, become operative December 31, 2023. See section 22, chapter 5, Oregon Laws 2013. The text that is operative on and after December 31, 2023, is set forth for the user's convenience.

30.278. When notice is received under ORS 30.275 of a claim of professional negligence against a physician, optometrist, dentist, dental hygienist or naturopath who is acting within the scope of employment by a public body or within the scope of duties as defined by ORS 30.267, the person receiving the notice shall report to the appropriate licensing board, in the same manner as required by ORS 742.400, the information required by ORS 742.400 to be reported by insurers or self-insured associations.

Note 3: 30.278 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 30 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

30.280 [1967 c.627 §6; repealed by 1975 c.609 §25]

30.282 Local public body insurance; self-insurance program; action against program. (1) The governing body of any local public body may procure insurance against:

(a) Tort liability of the public body and its officers, employees and agents acting within the scope of their employment or duties; or

(b) Property damage.

(2) In addition to, or in lieu of procuring insurance, the governing body may establish a self-insurance program against the tort liability of the public body and its officers, employees and agents or against property damage. If the public body has authority to levy taxes, it may include in its levy an amount sufficient to establish and maintain a self-insurance program on an actuarially sound basis.

(3) Notwithstanding any other provision of law, two or more local public bodies may jointly provide by intergovernmental agreement for anything that subsections (1) and (2) of this section authorize individually.

(4) As an alternative or in addition to establishment of a self-insurance program or purchase of insurance or both, the governing body of any local public body and the Oregon Department of Administrative Services may contract for payment by the public body to the department of assessments determined by the department to be sufficient, on an actuarially sound basis, to cover the potential liability of the public body and its officers, employees or agents acting within the scope of their employment or duties under ORS 30.260 to 30.300, and costs of administration, or to cover any portion of potential liability, and for payment by the department of valid claims against the public body and its officers, employees and agents acting within the scope of their employment or duties. The department may provide the public body evidence of insurance by issuance of a certificate or policy.

(5) Assessments paid to the department under subsection (4) of this section shall be paid into the Insurance Fund created under ORS 278.425, and claims paid and administrative costs incurred under subsection (4) of this section shall be paid out of the Insurance Fund, and moneys in the Insurance Fund are continuously appropriated for those purposes. When notice of any claim is furnished as provided in the agreement, the claim shall be handled and paid, if appropriate, in the same manner as a claim against a state agency, officer, employee or agent, without regard to the amount the local public body has been assessed.

(6) A self-insurance program established by three or more public bodies under subsections (2) and (3) of this section is subject to the following requirements:

(a) The annual contributions to the program must amount in the aggregate to at least $1 million.

(b) The program must provide documentation that defines program benefits and administration.

(c) Program contributions and reserves must be held in separate accounts and used for the exclusive benefit of the program.

(d) The program must maintain adequate reserves. Reserve adequacy shall be calculated annually with proper actuarial calculations including the following:

(A) Known claims, paid and outstanding;

(B) Estimate of incurred but not reported claims;

(C) Claims handling expenses;

(D) Unearned contributions; and

(E) A claims trend factor.

(e) The program must maintain an unallocated reserve account equal to 25 percent of annual contributions, or $250,000, whichever is greater. As used in this paragraph, "unallocated reserves" means the amount of funds determined by a licensed independent actuary to be greater than what is required to fund outstanding claim liabilities, including an estimate of claims incurred but not reported.

(f) The program must make an annual independently audited financial statement available to the participants of the program.

(g) The program must maintain adequate excess or reinsurance against the risk of economic loss.

(h) The program, a third party administrator or an owner of a third party administrator may not collect commissions or fees from an insurer.

(7) A program operated under subsection (6) of this section that fails to meet any of the listed requirements for a period longer than 30 consecutive days shall be dissolved and any unallocated reserves returned in proportional amounts based on the contributions of the public body to the public bodies that established the program within 90 days of the failure.

(8) A local public body may bring an action against a program operated under subsection (6) of this section if the program fails to comply with the requirements listed in subsection (6) of this section. [1975 c.609 §19; 1977 c.428 §1; 1981 c.109 §4; 1985 c.731 §21; 2005 c.175 §2; 2009 c.67 §19]

30.285 Public body shall indemnify public officers; procedure for requesting counsel; extent of duty of state; obligation for judgment and attorney fees. (1) The governing body of any public body shall defend, save harmless and indemnify any of its officers, employees and agents, whether elective or appointive, against any tort claim or demand, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of duty.

(2) The provisions of subsection (1) of this section do not apply in case of malfeasance in office or willful or wanton neglect of duty.

(3) If any civil action, suit or proceeding is brought against any state officer, employee or agent which on its face falls within the provisions of subsection (1) of this section, or which the state officer, employee or agent asserts to be based in fact upon an alleged act or omission in the performance of duty, the state officer, employee or agent may, after consulting with the Oregon Department of Administrative Services file a written request for counsel with the Attorney General. The Attorney General shall thereupon appear and defend the officer, employee or agent unless after investigation the Attorney General finds that the claim or demand does not arise out of an alleged act or omission occurring in the performance of duty, or that the act or omission complained of amounted to malfeasance in office or willful or wanton neglect of duty, in which case the Attorney General shall reject defense of the claim.

(4) Any officer, employee or agent of the state against whom a claim within the scope of this section is made shall cooperate fully with the Attorney General and the department in the defense of such claim. If the Attorney General after consulting with the department determines that such officer, employee or agent has not so cooperated or has otherwise acted to prejudice defense of the claim, the Attorney General may at any time reject the defense of the claim.

(5) If the Attorney General rejects defense of a claim under subsection (3) of this section or this subsection, no public funds shall be paid in settlement of said claim or in payment of any judgment against such officer, employee or agent. Such action by the Attorney General shall not prejudice the right of the officer, employee or agent to assert and establish an appropriate proceedings that the claim or demand in fact arose out of an alleged act or omission occurring in the performance of duty, or that the act or omission complained of did not amount to malfeasance in office or willful or wanton neglect of duty, in which case the officer, employee or agent shall be indemnified against liability and reasonable costs of defending the claim, cost of such indemnification to be a charge against the Insurance Fund established by ORS 278.425.

(6) Nothing in subsection (3), (4) or (5) of this section shall be deemed to increase the limits of liability of any public officer, agent or employee under ORS 30.260 to 30.300, or obviate the necessity of compliance with ORS 30.275 by any claimant, nor to affect the liability of the state itself or of any other public officer, agent or employee on any claim arising out of the same accident or occurrence.

(7) As used in this section, "state officer, employee or agent" includes district attorneys and deputy district attorneys, special prosecutors and law clerks of the office of district attorney who act in a prosecutorial capacity, but does not include any other employee of the office of district attorney or any employee of the justice or circuit courts whose salary is paid wholly or in part by the county. [1967 c.627 §7; 1975 c.609 §16; 1981 c.109 §5; 1981 c.913 §2; 1985 c.731 §22; 1987 c.763 §1; 2009 c.67 §11]

30.287 Counsel for public officer; when public funds not to be paid in settlement; effect on liability limit; defense by insurer. (1) If any civil action, suit or proceeding is brought against any officer, employee or agent of a local public body which on its face falls within the provisions of ORS 30.285 (1), or which the officer, employee or agent asserts to be based in fact upon an alleged act or omission in the performance of duty, the officer, employee or agent may file a written request for counsel with the governing body of the public body. The governing body shall thereupon engage counsel to appear and defend the officer, employee or agent unless after investigation it is determined that the claim or demand does not arise out of an alleged act or omission occurring in the performance of duty, or that the act or omission complained of amounted to malfeasance in office or willful or wanton neglect of duty, in which case the

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INTERGOVERNMENTAL COOPERATION

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190.003 Definition for ORS 190.003 to 190.130. As used in ORS 190.003 to 190.130, "unit of local government" includes a county, city, district or other public corporation, commission, authority or entity organized and existing under statute or city or county charter. [1967 c.550 §2]

190.007 Policy; construction. In the interest of furthering economy and efficiency in local government, intergovernmental cooperation is declared a matter of statewide concern. The provisions of ORS 190.003 to 190.130 shall be liberally construed. [1967 c.550 §3]

190.010 Authority of local governments to make intergovernmental agreement. A unit of local government may enter into a written agreement with any other unit or units of local government for the performance of any or all functions and activities that a party to the agreement, its officers or agencies, have authority to perform. The agreement may provide for the performance of a function or activity:

(1) By a consolidated department;

(2) By jointly providing for administrative officers;

(3) By means of facilities or equipment jointly constructed, owned, leased or operated;

(4) By one of the parties for any other party;

(5) By an intergovernmental entity created by the agreement and governed by a board or commission appointed by, responsible to and acting on behalf of the units of local government that are parties to the agreement; or

(6) By a combination of the methods described in this section. [Amended by 1953 c.161 §2; 1963 c.189 §1; 1967 c.550 §4; 1991 c.583 §1]

190.020 Contents of agreement. (1) An agreement under ORS 190.010 shall specify the functions or activities to be performed and by what means they shall be performed. Where applicable, the agreement shall provide for:

(a) The apportionment among the parties to the agreement of the responsibility for providing funds to pay for expenses incurred in the performance of the functions or activities.

(b) The apportionment of fees or other revenue derived from the functions or activities and the manner in which such revenue shall be accounted for.

(c) The transfer of personnel and the preservation of their employment benefits.

(d) The transfer of possession of or title to real or personal property.

(e) The term or duration of the agreement, which may be perpetual.

(f) The rights of the parties to terminate the agreement.

(2) When the parties to an agreement are unable, upon termination of the agreement, to agree on the transfer of personnel or the division of assets and liabilities between the parties, the circuit court has jurisdiction to determine that transfer or division. [Amended by 1967 c.550 §5]

190.030 Effect of agreement. (1) When an agreement under ORS 190.010 has been entered into, the unit of local government, consolidated department, intergovernmental entity or administrative officer designated therein to perform specified functions or activities is vested with all powers, rights and duties relating to those functions and activities that are vested by law in each separate party to the agreement, its officers and agencies.

(2) An officer designated in an agreement to perform specified duties, functions or activities of two or more public officers shall be considered to be holding only one office.

(3) An elective office may not be terminated by an agreement under ORS 190.010. [Amended by 1967 c.550 §6; 1991 c.583 §2]

190.040 [Amended by 1953 c.182 §2; 1957 c.428 §1; repealed by 1963 c.189 §3]

190.050 Fees for geographic data; uses. (1) An intergovernmental group may impose and collect reasonable fees based on market prices or competitive bids for geographic data that have commercial value and are an entire formula, pattern, compilation, program, device, method, technique, process, database or system developed with a significant expenditure of public funds. An intergovernmental group may enter into agreements with private persons or entities to assist with marketing such products. Notwithstanding any other provision of law, intergovernmental group software product programming source codes, object codes and geographic databases or systems are confidential and exempt from public disclosure under ORS 192.502. Nothing in this section authorizes an intergovernmental group to restrict access to public records through inclusion of such records in a geographic database or system.

(2) Fees collected under subsection (1) of this section shall be used:

(a) For maintenance of the formula, pattern, compilation, program, device, method, technique, process, database or system; and

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(b) To provide services through the formula, pattern, compilation, program, device, method, technique, process, database or system to public bodies paying a service charge to the intergovernmental group.

(3) As used in this section, "intergovernmental group" means two or more units of local government that have entered into a written agreement under ORS 190.010. [1991 c.335 §2]

190.070 Agreement changing service responsibilities requires changes in tax coordination resulting from change. (1) If any agreement entered into under ORS 190.010 to 190.030 or 190.110 between or among units of local government includes changes in service responsibility, that agreement shall set forth any changes in tax coordination resulting from the change in service responsibility.

(2) This section applies to agreements entered into after September 29, 1991, and before January 1, 1996. [1991 c.396 §9; 1993 c.424 §3]

Note: 190.070 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 190 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

190.080 Powers of intergovernmental entity created by intergovernmental agreement; limits; debts of entity; procedure for distribution of assets; rules. (1) An intergovernmental entity created by an intergovernmental agreement under ORS 190.010 may, according to the terms of the agreement:

(a) Issue revenue bonds under ORS chapter 287A or enter into financing agreements authorized under ORS 271.390 to accomplish the public purposes of the parties to the agreement, if after a public hearing the governing body of each of the units of local government that are parties to the agreement approves, by resolution or order, the issuance of the revenue bonds or entering into the financing agreement;

(b) Enter into agreements with vendors, trustees or escrow agents for the installment purchase or lease, with option to purchase, of real or personal property if the period of time allowed for payment under an agreement does not exceed 20 years; and

(c) Adopt all rules necessary to carry out its powers and duties under the intergovernmental agreement.

(2) Except as provided in ORS 190.083, an intergovernmental entity may not levy taxes or issue general obligation bonds.

(3) The debts, liabilities and obligations of an intergovernmental entity shall be, jointly and severally, the debts, liabilities and obligations of the parties to the intergovernmental agreement that created the entity, unless the agreement specifically provides otherwise.

(4) A party to an intergovernmental agreement creating an intergovernmental entity may assume responsibility for specific debts, liabilities or obligations of the intergovernmental entity.

(5) Any moneys collected by or credited to an intergovernmental entity shall not accrue to the benefit of private persons. Upon dissolution of the entity, title to all assets of the intergovernmental entity shall vest in the parties to the intergovernmental agreement. The agreement creating the entity shall provide a procedure for:

(a) The disposition, division and distribution of any assets acquired by the intergovernmental entity; and

(b) The assumption of any outstanding indebtedness or other liabilities of the entity by the parties to the intergovernmental agreement that created the entity.

(6) An intergovernmental entity created by intergovernmental agreement under ORS 190.010 may be terminated at any time by unanimous vote of all the parties to the intergovernmental agreement or as provided by the terms of the agreement. [1991 c.583 §4; 2001 c.840 §3; 2003 c.195 §7; 2007 c.783 §71]

190.083 County agreements for transportation facilities. (1) Before a county enters into an intergovernmental agreement creating an intergovernmental entity to operate, maintain, repair and modernize transportation facilities, the county shall obtain approval of the terms and conditions of the agreement from the governing bodies of a majority of the cities within the county.

(2) Subject to the provisions of this section, an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities may issue general obligation bonds and assess, levy and collect taxes in support of the purposes of the entity.

(3)(a) To carry out the purposes of an intergovernmental agreement under this section, and when authorized at an election described in paragraph (b) of this subsection, an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities may borrow moneys and sell and dispose of general obligation bonds. Approval requires an affirmative vote of a majority of the electors within the intergovernmental entity voting in the election.

(b) If the bonds are not subject to the limitations under section 11 or 11b, Article XI of the Oregon Constitution:

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appeal or motion, including a reasonable attorney fee.

(2) As used in this section, "frivolous" means the matter is not supported by substantial evidence or the matter is initiated without reasonable prospect of prevailing. [1987 c.884 §31; 1995 c.332 §45]

656.401 [1965 c.285 §74; 1967 c.359 §699; repealed by 1975 c.556 §25 (656.403 enacted in lieu of 656.401)]

656.402 [Renumbered 656.712]

SELF-INSURED AND CARRIER-INSURED EMPLOYERS; INSURERS

656.403 Obligations of self-insured employer. (1) A self-insured employer directly assumes the responsibility for providing compensation due subject workers and their beneficiaries under this chapter.

(2) The claims of subject workers and their beneficiaries resulting from injuries while employed by a self-insured employer shall be handled in the manner provided by this chapter. A self-insured employer is subject to the rules of the Director of the Department of Consumer and Business Services with respect to such claims.

(3) Security deposited by a self-insured employer shall not relieve any such employer from full and primary responsibility for claims administration and payment of compensation under this chapter. This subsection applies to a self-insured employer even though the self-insured employer insures or reinsures all or any portion of risks under this chapter with an insurance company authorized to do business in this state or with any other insurer with whom insurance can be placed or secured pursuant to ORS 744.305 to 744.405 (1985 Replacement Part).

(4) When a self-insured employer is a worker leasing company required to be licensed pursuant to ORS 656.850 and 656.855, the company also shall comply with the worker leasing company regulatory provisions of ORS chapters 656 and 737 and with such rules as may be adopted pursuant to ORS 656.726 and 731.244 for the supervision and regulation of worker leasing companies. [1975 c.556 §26 (enacted in lieu of 656.401); 1981 c.854 §26; 1993 c.628 §7]

656.404 [Repealed by 1959 c.449 §5]

656.405 [1965 c.285 §75(1); 1967 c.359 §700; repealed by 1975 c.556 §54]

656.406 [Renumbered 656.714]

656.407 Qualifications of insured employers; rules. (1) An employer shall establish proof with the Director of the Department of Consumer and Business Services that the employer is qualified either:

(a) As a carrier-insured employer by causing proof of coverage provided by an insurer to be filed with the director; or

(b) As a self-insured employer by establishing proof that the employer has an adequate staff qualified to process claims promptly and has the financial ability to make certain the prompt payment of all compensation and other payments that may become due to the director under this chapter.

(2) Except as provided in subsection (3) of this section, a self-insured employer shall establish proof of financial ability by providing security that the director determines acceptable by rule. The security must be in an amount reasonably sufficient to insure payment of compensation and other payments that may become due to the director but not less than the employer's normal expected annual claim liabilities and in no event less than $100,000. In arriving at the amount of security required under this subsection, the director may take into consideration the financial ability of the employer to pay compensation and other payments and probable continuity of operation. The security shall be held by the director to secure the payment of compensation for injuries to subject workers of the employer and to secure other payments that may become due from the employer to the director under this chapter. Moneys received as security under this subsection shall be deposited with the State Treasurer in an account separate and distinct from the General Fund. Interest earned by the account shall be credited to the account. The amount of security may be increased or decreased from time to time by the director.

(3)(a) A city, county or a qualified self-insured employer group that wishes to be exempt from subsection (2) of this section may make written application therefor to the director. The application shall include a copy of the most recent annual audit of the city, county or qualified self-insured employer group filed with the Secretary of State under ORS 297.405 to 297.740, information regarding the establishment of a loss reserve account for the payment of compensation to injured workers and such other information as the director may require. The director shall approve the application and the city, county or qualified self-insured employer group shall be exempt from subsection (2) of this section if the director finds that:

(A) The city, county or qualified self-insured employer group has been self-insured in compliance with subsection (2) of this section for more than three consecutive years prior to making the application referred to in this subsection.

(B) The city, county or qualified self-insured employer group has in effect a loss reserve account:

(i) That is actuarially sound and that is adequately funded as determined by an annual audit under ORS 297.405 to 297.740 to pay all compensation to injured workers and amounts due the director pursuant to this chapter. A copy of the annual audit shall be filed with the director. Upon a finding that there is probable cause to believe that the loss reserve account is not actuarially sound, the director may require a city, county or qualified self-insured employer group to obtain an independent actuarial audit of the loss reserve account. The requirements of this subsection are in addition to and not in lieu of any other audit or reporting requirement otherwise prescribed by or pursuant to law.

(ii) That is dedicated to and may be expended only for the payment of compensation and amounts due the director by the city, county or qualified self-insured employer group under this chapter.

(b) The director shall have the first lien and priority right to the full amount of the loss reserve account required to pay the present discounted value of all present and future claims under this chapter.

(c) The city, county or qualified self-insured employer group shall notify the director no later than 60 days prior to any action to discontinue the loss reserve account. The city, county or qualified self-insured employer group shall advise the director of the plans of the city, county or qualified self-insured employer group to submit the security deposits required in subsection (2) of this section, or obtain coverage as a carrier-insured employer prior to the date the loss reserve account ceases to exist. If the city, county or qualified self-insured employer group elects to discontinue self-insurance, it shall submit such security as the director may require to insure payment of all compensation and amounts due the director for the period the city, county or qualified self-insured employer group was self-insured.

(d) In order to requalify as a self-insured employer the city, county or qualified self-insured employer group must deposit prior to discontinuance of the loss reserve account such security as is required by the director pursuant to subsection (2) of this section.

(e) Notwithstanding ORS 656.440, if prior to the date of discontinuance of the loss reserve account the director has not received the security deposits required in subsection (2) of this section, the certificate of self-insurance of the city, county or qualified self-insured employer group is automatically revoked as of that date.

(4) As used in this section, "qualified self-insured employer group" means a self-insured employer group that is a municipal corporation or a public corporation, as those terms are defined in ORS 297.405. [1975 c.556 §27; 1979 c.839 §28; 1981 c.854 §27; 1985 c.212 §7; 1989 c.966 §67; 1991 c.648 §1; 1993 c.18 §140; 2003 c.170 §2; 2007 c.241 §13; 2013 c.471 §1]

656.408 [Renumbered 656.716]

656.409 [1965 c.285 §75(2),(3); repealed by 1975 c.556 §54]

656.410 [Amended by 1965 c.285 §54; renumbered 656.726]

656.411 [1975 c.556 §28; 1979 c.348 §1; repealed by 1981 c.854 §1]

656.412 [Amended by 1965 c.285 §52; renumbered 656.732]

656.413 [1965 c.285 §76(1),(2); repealed by 1975 c.556 §54]

656.414 [Renumbered 656.718]

656.415 [1975 c.556 §30; repealed by 1981 c.854 §1]

656.416 [Amended by 1965 c.285 §53; renumbered 656.722]

656.417 [1965 c.285 §76 (3),(8); 1967 c.341 §6; repealed by 1975 c.556 §54]

656.418 [Repealed by 1965 c.285 §95]

656.419 Workers' compensation insurance contracts. (1) A workers' compensation insurance policy issued by an insurer under this section shall provide that the insurer agrees to assume, without monetary limit, the liability of the employer, arising during the period the policy is in effect, for prompt payment of all compensation for compensable injuries that may become due under this chapter to subject workers and their beneficiaries.

(2)(a) The insurer issuing the workers' compensation insurance policy shall file proof of coverage with the Director of the Department of Consumer and Business Services within 30 days after workers' compensation coverage of the employer is effective. The filing shall be in the form and manner and shall include any information that the director may prescribe by rule.

(b) An insurer shall file the proof of coverage required under this section for each new or renewed policy issued by the insurer.

(3) Workers' compensation coverage is effective when the application of the subject employer for coverage together with any required fees or premium are received and accepted by an authorized representative of an insurer or on the date specified in writing by the employer and the insurer.

(4) Coverage of an employer under a workers' compensation insurance policy continues until:

(a) The expiration of the term of the policy;

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plan without further application by the employer, transferring the risk to the plan as of the effective date of cancellation. If the insurer is a servicing carrier under the plan, it shall continue to provide coverage for the employer as a servicing carrier, at least until another servicing carrier is provided for the employer in the normal course of administering the plan. If the insurer is not a servicing carrier, it shall apply to the plan for coverage on the employer's behalf. Nothing in this section is intended to limit the authority of administrators of the plan to require the employer to provide deposits or to make payments consistent with plan requirements. However, the rules of the plan shall allow any deposit requirements imposed by the plan to be deferred for as long as one year.

(7) The cancellation of a workers' compensation insurance policy under this section is effective on the earliest of:

(a) The expiration of the term of the policy;

(b) The effective date of a cancellation under subsection (2) of this section; or

(c) The effective date of a policy for which another insurer makes a proof of coverage filing on behalf of the employer. [1975 c.556 §32; 1981 c.854 §30; 1981 c.874 §5; 1981 c.876 §6; 1985 c.212 §8; 1990 c.1 §1; 1995 c.93 §36; 1995 c.332 §46a; 2003 c.170 §5; 2007 c.241 §3; 2007 c.656 §§1,2,3]

656.428 [Amended by 1957 c.440 §3; repealed by 1965 c.285 §95]

656.429 [1965 c.285 §77; repealed by 1975 c.556 §54]

656.430 Certification of self-insured employer; employer groups; insurance policy requirements; revocation of certification; rules. (1) Upon determining that an employer has qualified as a self-insured employer under ORS 656.407, the Director of the Department of Consumer and Business Services shall issue a certificate to that effect to the employer.

(2) Coverage of a self-insured employer is effective on the date of certification unless a later date is specified in the certificate.

(3) Two or more entities shall not be included in the certification of one employer unless in each entity the same person, or group of persons, or corporation owns a majority interest. If an entity owns a majority interest in another entity which in turn owns the majority interest in another entity, all entities so related may be combined regardless of the number of entities in succession. If more than one entity is included in the certification of one employer, each entity included is jointly and severally liable for any compensation and other amounts due the Department of Consumer and Business Services under this chapter by any entity included in the certification.

(4) In the term "majority interest," as used in this section, "majority" means more than 50 percent.

(5) If an entity other than a partnership:

(a) Has issued voting stock, "majority interest" means a majority of the issued voting stock;

(b) Has not issued voting stock, "majority interest" means a majority of the members; or

(c) Has not issued voting stock and has no members, "majority interest" means a majority of the board of directors or comparable governing body.

(6) If the entity is a partnership, majority interest shall be determined in accordance with the participation of each general partner in the profits of the partnership.

(7) Notwithstanding any other provision of this section, the director may certify five or more subject employers as a self-insured employer group, which shall be considered an employer for purposes of this chapter, if:

(a) The director finds that the employers as a group meet the requirements of ORS 656.407 (1)(b) and (2);

(b) The director determines that:

(A) If the employers as a group have insurance coverage with a retention of $100,000 or more, the employers have a combined net worth of $1 million or more; or

(B) If the employers as a group have insurance coverage with a retention of less than $100,000, the employers have a combined net worth at least equal to the proportion of $1 million that the retention bears to $100,000;

(c) The director finds that the grouping is likely to improve accident prevention and claims handling for the employer;

(d) Each employer executes and files with the designated entity a written agreement, in such form as the director may prescribe, in which:

(A) The employer agrees to be jointly and severally liable for the payment of any compensation and other amounts due to the Department of Consumer and Business Services under this chapter incurred by a member of the group; or

(B) The employer, if a city, county, special district described and listed in ORS 198.010 or 198.180, translator district formed under ORS 354.605 to 354.715, weed control district organized under ORS 569.350 to 569.445, intergovernmental agency created under ORS 225.050, school district as defined in ORS 255.005 (9), public housing authority created under ORS chapter 456 or regional council of governments created under ORS

chapter 190, agrees to be individually liable for the payment of any compensation and other amounts due to the department under this chapter incurred by the employer during the period of group self-insurance;

(e) The director finds that the employer group is organized as a corporation or cooperative pursuant to ORS chapter 60, 62 or 65, is an intergovernmental entity created under ORS 190.003 to 190.130 and the bylaws require the governing group to obtain fidelity bonds;

(f) The director finds that the employer group has designated an entity within or for the group responsible for centralized claims processing, payroll records, safety requirements, recording and submitting assessments and contributions and making such other reports as the director may require; and

(g) The employer has presented a method approved by the director to notify the department of:

(A) The commencement or termination of membership by employers in the group and the effect thereof on the net worth of the employers in the group; and

(B) Whether an employer who terminates membership in the group continues to be a subject employer.

(8) A self-insured employer must have excess insurance coverage appropriate for the employer's potential liability under this chapter with an insurer authorized to do business in this state. A self-insured employer certified prior to November 1, 1981, must have excess insurance coverage appropriate for the employer's potential liability under this chapter either with an insurer authorized to do business in this state or with any other insurer from whom such insurance can be obtained pursuant to ORS 744.305 to 744.405 (1985 Replacement Part). Evidence of such coverage must be submitted at the time application is made for self-insured certification in the form of an insurance binder providing the appropriate coverage effective the date of certification. The policy providing such coverage must be filed with the director not later than 30 days after the date the coverage is effective. Any changes in the insurer or the coverage must be filed with the department not later than 30 days after the effective date of the change. With respect to such coverage:

(a) The policy must include a provision, approved by the director, for reimbursement to the department of all expenses paid by the department on behalf of the employer pursuant to ORS 656.614 (1) and 656.443 in the same manner as if the department were the insured employer, subject to the policy limitations on amounts and limits of liability to the insured employer, and

(b) The period of coverage must be continuous and remain in effect until the certification is revoked or canceled.

(9) Notwithstanding ORS 656.440, the director may revoke the certification of any self-insured employer after giving 30 days' written notice if the employer:

(a) Fails to comply with subsection (8) of this section; or

(b) In the case of an employer described in subsection (7) of this section, fails to comply with that subsection.

(10) A self-insured employer must have an occupational safety and health loss control program as required by ORS 654.097.

(11) The director, by rule shall:

(a) Prescribe methods for determining and approving net worth.

(b) Prescribe the types and approve the retention and limitation levels of excess insurance policies.

(c) Establish reporting requirements.

(d) Prescribe information to be submitted in applications for self-insured employer certifications.

(e) Prescribe the form and manner of reporting commencement or termination in a self-insured employer group.

(f) Prescribe the form, amount and manner for establishing and operating a common claims fund.

(g) Prescribe such other requirements as the director considers necessary so that employers certified as self-insured employers will meet the financial responsibilities under this chapter.

(12) For the purpose of certification as a self-insured employer group, cities, counties, special districts created under ORS 198.010, intergovernmental agencies created under ORS 225.050, school districts as defined in ORS 255.005 (9), public housing authorities created under ORS chapter 456 and regional councils of governments created under ORS chapter 190 shall be considered by the director to be of the same industry.

(13) Notwithstanding subsection (8) of this section, a public utility with assets of more than $500 million may obtain excess insurance coverage from an eligible surplus lines insurer. As used in this subsection, "public utility" has the meaning given that term in ORS 757.005. [1975 c.556 §33; 1979 c.845 §1; 1981 c.535 §38; 1983 c.816 §9; 1985 c.739 §6; 1987 c.94 §107; 1987 c.800 §1; 1987 c.884 §58; 1989 c.602 §1; 1993 c.817 §2; 1999 c.280 §1; 2003 c.170 §6; 2005 c.189 §1]

656.431 [1965 c.285 §78; 1973 c.620 §6; repealed by 1975 c.556 §54]

Exhibit 23

motor vehicle of the utility, pickup, sedan delivery or panel truck type used for wholesale or retail delivery, and a farm truck. [1987 c.774 §32]

Note: 731.074 was added to and made a part of the Insurance Code but was not added to ORS chapter 731 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation

731.075 "Covered life." "Covered life" means a subscriber, policyholder, certificate holder, spouse, dependent child or any other individual insured under an insurance policy or whose benefits are administered by a third party administrator licensed under ORS 744.702. [2009 c.595 §1194]

Note: 731.075 was added to and made a part of the Insurance Code by legislative action but was not added to ORS chapter 731 or any series therein. See Preface to Oregon Revised Statutes for further explanation.

731.076 "Department," "director." (1) "Department" means the Department of Consumer and Business Services.

(2) "Director" means the Director of the Department of Consumer and Business Services. [1967 c.359 §16; 1987 c.373 §76; 1993 c.744 §28]

731.080 [Repealed by 1965 c.241 §3]

731.082 "Domestic," "foreign," "alien" insurer. (1) "Domestic insurer" means an insurer formed under the laws of this state.

(2) "Foreign insurer" means an insurer formed under the laws of a state other than this state.

(3) "Alien insurer" means an insurer formed under the laws of any country other than the United States of America or a state thereof. [1967 c.359 §17]

731.086 "Domestic risk." "Domestic risk" means a subject of insurance resident, located or to be performed in this state. [1967 c.359 §18]

731.090 [Repealed by 1965 c.241 §3]

731.092 "Domicile." The "domicile" of an insurer means:

(1) As to insurers formed under the laws of Canada or any province thereof, the province in which the insurer's head office is located.

(2) As to other alien insurers, as provided in ORS 731.096.

(3) As to all other insurers, the state under the laws of which the insurer was formed or, if the insurer has been redomesticated to another state, the state to which it has been redomesticated. [1967 c.359 §19; 1995 c.639 §13]

731.096 "Domicile of alien insurer." (1) The domicile of an alien insurer, other than insurers formed under the laws of Canada or a province thereof, shall be that state designated by the insurer in writing filed with the Director of the Department of Consumer and Business Services at time of admission to this state or before January 1, 1962, whichever date is the later, and may be any one of the following states:

(a) The state in which the insurer was first authorized to transact insurance;

(b) The state in which is located the insurer's principal place of business in the United States; or

(c) The state in which is held the largest deposit of assets of the insurer in trust for the protection of its policyholders and creditors in the United States.

(2) If the insurer makes no such designation its domicile shall be deemed to be that state in which is located its principal place of business in the United States. [Formerly 736.240]

731.097 "Essential health benefits." "Essential health benefits" are the items and services prescribed by the Department of Consumer and Business Services by rule in accordance with federal law, including:

(1) Ambulatory patient services.

(2) Emergency services.

(3) Hospitalization.

(4) Maternity and newborn care.

(5) Mental health and substance use disorder services, including behavioral health treatment.

(6) Prescription drugs.

(7) Rehabilitative and habilitative services and devices.

(8) Laboratory services.

(9) Preventive and wellness services and chronic disease management.

(10) Pediatric services, including oral and vision care. [2013 c.681 §2]

Note: 731.097 and 731.098 were added to and made a part of the Insurance Code by legislative action but were not added to ORS chapter 731 or any series therein. See Preface to Oregon Revised Statutes for further explanation.

731.098 "Group health insurance." "Group health insurance" means that form of health insurance covering groups of persons described in this section, with or without one or more members of their families or one or more of their dependents, or covering one or more members of the families or one or more dependents of such groups of persons, and issued upon one of the following bases:

(1) Under a policy issued to an employer or trustees of a fund established by an employer, who shall be deemed the policyholder, insuring employees of such employer for the benefit of persons other than the employer. As used in this subsection, "employees" includes:

(a) The officers, managers and employees of the employer;

(b) The individual proprietor or partners if the employer is an individual proprietor or partnership;

(c) The officers, managers and employees of subsidiary or affiliated corporations;

(d) The individual proprietors, partners and employees of individuals and firms, if the business of the employer and such individual or firm is under common control through stock ownership, contract or otherwise;

(e) The trustees or their employees, or both, if their duties are principally connected with such trusteeship;

(f) The leased workers of a client employer; and

(g) Elected or appointed officials if a policy issued to insure employees of a public body provides that the term "employees" includes elected or appointed officials.

(2) Under a policy issued to an association, including a labor union, that has an active existence for at least one year, that has a constitution and bylaws and that has been organized and is maintained in good faith primarily for purposes other than that of obtaining insurance, which shall be deemed the policyholder, insuring members, employees or employees of members of the association for the benefit of persons other than the association or its officers or trustees.

(3) Under a policy issued to the trustees of a fund established by two or more employers in the same or related industry or by one or more labor unions or by one or more employers and one or more labor unions or by an association as described in subsection (2) of this section, insuring employees of the employers or members of the unions or of such association, or employees of members of such association for the benefit of persons other than the employers or the unions or such association. As used in this subsection, "employees" may include the officers, managers and employees of the employer, and the individual proprietor or partners if the employer is an individual proprietor or partnership. The policy may provide that the term "employees" includes the trustees or their employees, or both, if their duties are principally connected with such trusteeship.

(4) Under a policy issued to any person or organization to which a policy of group life insurance may be issued or delivered in this state, to insure any class or classes of individuals that could be insured under such group life policy. [2013 c.681 §7]

Note: See note under 731.097.

731.099 "Independently procured insurance." "Independently procured insurance" means insurance procured directly by an insured from a nonadmitted insurer as defined in ORS 735.405. [2011 c.660 §2]

Note: 731.099 was added to and made a part of ORS chapter 731 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

731.100 [Repealed by 1965 c.241 §3]

731.102 "Insurance." (1) "Insurance" means a contract whereby one undertakes to indemnify another or pay or allow a specified or ascertainable amount or benefit upon determinable risk contingencies.

(2) "Insurance" so defined includes annuities.

(3) "Insurance" so defined includes a contract under which one other than a manufacturer, builder, seller or lessor of the subject property undertakes to perform or provide, for a fixed term and consideration, repair or replacement service or indemnification therefor for the operational or structural failure of specified real or personal property or property components. Insurance does not include contracts with a telecommunications utility as defined in ORS 759.005, for repair, replacement or maintenance of customer-owned inside wiring. [1967 c.359 §21; 1981 c.247 §1; 1985 c.633 §5; 1987 c.447 §111]

731.104 "Insurance producer." "Insurance producer" means a person required to be licensed under the laws of this state to sell, solicit or negotiate insurance. For purposes of this definition:

(1) "Negotiate" means to confer directly with or to offer advice directly to a purchaser or prospective purchaser of a particular policy of insurance concerning any of the substantive benefits, terms or conditions of the policy, if the person engaged in that act:

(a) Sells insurance; or

(b) Obtains insurance from insurers for purchasers.

(2) "Sell" means to exchange a policy of insurance by any means, for money or its equivalent, on behalf of an insurer.

(3) "Solicit" means to attempt to sell a policy of insurance or to ask or urge a person to apply for a particular kind of insurance from a particular insurer. [Formerly 731.062]

731.106 "Insurer." "Insurer" includes every person engaged in the business of entering into policies of insurance. [1967 c.359 §22]

731.110 [Repealed by 1965 c.241 §3]