



TOWN COUNCIL AGENDA ITEM

MEETING DATE: May 12, 2026

Agenda Title/Category:	NCHIP Interlocal Agreement / Regular Agenda			
Staff Contact/Presenter:	Christopher Tucker, Finance Director			
Meets Strategic Initiative or Approved Plan:	Yes	No	If yes, list:	N/A
Background:	<p>During the budget season, the Town received an unfavorable health benefit proposal from our broker. The Town’s position as a small fully funded municipal group has likely run its course. The Town approached and had productive conversations to join the NC Health Insurance Pool run by Gallagher. This pool has 17000+ members across 40 NC Counties and Municipalities.</p> <p>NCHIP Administrators presented the Town’s risk profile to the Board of Trustees last week, and we were unanimously approved for inclusion, should we choose to join.</p> <p>Recent performance metrics of NCHIP indicate that joining this pool would stabilize future renewals while providing comparable benefits for our employees and likely providing more robust analytics of our specific group’s performance.</p> <p>NOTE: This is a self-funded risk pool that acts as a fully funded plan for the individual member entities.</p>			
Discussion:	To officially accept NCHIPs invitation, acceptance of the interlocal agreement is requested action.			

Fiscal impact:	Appropriations for the annual expenditures of health insurance are included in the FY27 budget across several funds. Total impact: \$1.4M
Attachments:	NCHIP Interlocal Agreement
Recommended Motion to be made by Council:	Approve as Presented

**INTERLOCAL AGREEMENT FOR A GROUP SELF-INSURANCE POOL
FOR BENEFIT RISK SHARING**

This Interlocal Agreement for a Group Self-Insurance Pool for Benefit Risk Sharing (“Agreement”), made and entered into in duplicate originals this day of April 24, 2018 by and between all the parties who are now, or may hereafter become, members of the North Carolina Health Insurance Pool (hereinafter “Trust”):

WITNESSETH:

WHEREAS, certain municipalities and other units of local government of the State of North Carolina have agreed to pool the risks associated with the provision of benefits for their designated benefit plan participants (hereinafter “participants”) pursuant to, and to be governed by, the provisions of North Carolina General Statutes § 160A-460 *et seq.* (Part 1 of Article 20 of Chapter 160A), § 153A-445, and § 58-23; and

WHEREAS, the members of the Trust have agreed upon designation of a Board of Trustees, in accordance with North Carolina General Statutes § 58-23-10 and pursuant to Article V of the Bylaws of the North Carolina Health Insurance Pool dated as of the date hereof (the “Bylaws”), to direct the affairs of the Trust; to adopt rules, regulations, and policies, and maintain Bylaws for implementing and administering the Trust; and to pass upon the admissibility of future members of the Trust; and

WHEREAS, by this Agreement the Trust will undertake to discharge, solely from the assets of this Trust, by payment, any claims for benefits covered by the Trust’s plan of insurance and benefits, which awards shall have been authorized by the rules of the Trust, and when claims are otherwise determined to be due as a result of a court judgment or settlement agreement; and

WHEREAS, the members of the Trust agree to pay premiums and/or contributions based upon appropriate classifications, rates, loss experience, and other criteria adopted by the Board of Trustees in accordance with the Bylaws, out of a portion of which the Trust will establish and maintain a fund for the payment of the claims of participants of members, and further, that the members covenant and agree there will be no disbursements out of this fund by way of dividends or distribution of accumulated reserves to the respective members, except at the discretion of the Board of Trustees or as otherwise expressly permitted by the Bylaws.

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

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

SECTION I. PURPOSE OF AGREEMENT; COMPOSITION OF BOARD OF TRUSTEES

The purpose of the Trust established by the signatories hereto is to allow members to jointly provide health benefits, including but not limited to life, medical, accident, and other related insurance benefits, for their participants and to provide for the risk sharing associated therewith. To this end, the Trust shall be governed by a Board of Trustees which shall be elected and act in accordance with Article V of the Bylaws.

SECTION II. TRUSTEES' POWERS, DUTIES, LIABILITY AND INDEMNITY

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

1. To establish guidelines for membership in the Trust;
2. To establish the terms and conditions of coverage, including underwriting criteria and exclusions from coverage;
3. To ensure that all valid claims are promptly paid;
4. To take all necessary precautions to safeguard the assets of the pool;
5. Maintain minutes of its meeting and make those minutes available to the Commissioner;
6. To establish, operate, and enforce rules, regulations, policies, and bylaws as between the individual members of the Trust and the Trust;
7. To enter into agreements with such persons, firms, or corporations as it deems appropriate to adjust claims; promote membership in the Trust; provide actuarial and underwriting services; defend against claims and lawsuits; provide accounting services; effect stop-loss coverage in such aggregate and specific amounts as is deemed appropriate; invest the assets of the Trust; provide wellness services and other risk management services for the Trust and member units; maintain records and accounts; and provide any other service necessary or desirable for the sound operation of the Trust;
8. To lease or rent real and personal property it deems to be necessary;
9. To borrow or raise monies for the purpose of the Trust and in the ordinary course of operation of the Trust (or otherwise in accordance with North Carolina General Statutes § 58-23-10(b)) to the extent that the Trustees shall deem desirable upon such terms and conditions as the Trustees in their absolute discretion may deem desirable or proper, and for any sum so borrowed to issue their promissory note as Trustees and to secure the repayment thereof by pledging all or any part of the pool; and no person or entity lending money to the Trustees shall be bound to see to the application of the money lent or to inquire into the validity, expediency, or propriety of any such borrowing;
10. To rate individually any member unit with rates different from the group rates when the loss experience of the unit warrants such individual rating, in the discretion of the Trustees;
11. To take measures to maintain claim reserves equal to known incurred losses and loss adjustment expenses and to maintain an estimate of incurred but not reported losses; and
12. To take all necessary precautions to safeguard the assets of the Trust.

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

taken or omitted by any other Trustee. The Trustees shall not be required to give a bond or other security to guarantee the faithful performance of their duties hereunder.

The members of the Trust agree that, for the payment of any claim against the Trust or the performance of any obligation of the pool hereunder, resort shall be had solely to the assets of the Trust, and the Trustees shall not be liable therefor. Further, the Trust shall indemnify and hold harmless the Trustees against any and all claims, suits, actions, debts, damages, costs, charges, and expenses (including but not limited to court costs and attorneys' fees) and against all liability, losses, and damages of any nature whatever, that the Trustees shall or may at any time sustain, or be put to, by reason of the exercise of their power and in the performance of their duties hereunder, or by reason of any mistake of judgment or other action made, taken, or omitted by any employee, agent, contractor, subcontractor, or independent contractor, or for loss incurred through investment of Trust money or failure to invest.

SECTION III. PAYMENT OF CLAIMS

The members of the Trust agree that, for the payment of any claim against the Trust or the performance of any obligation arising hereunder, resort shall be had solely to the assets of the Trust, and the Trustees shall not be liable therefor. Accordingly, lawful claims will be paid from the assets of the Trust pursuant to the types and levels of coverage established by the Board of Trustees. The Board of Trustees shall establish a schedule of types and monetary levels of coverages for which the Trust shall be responsible on behalf of its members, including provisions for levels of coverage for which the members shall be individually responsible. Such types and levels of coverage may vary according to population classifications of members, mutual agreement of the Trust and a member, or such other criteria as may be established by the Trustees. The types and level of coverage shall be shown on a plan of insurance and benefits provided to each member. The Trust shall pay all claims (less the applicable co-pays or co-insurance) for which each member incurs liability during each member's period of membership except where a member has individually retained the risk or where the risk is not covered, and except for amount of claims above the coverage provided by the Trust. The schedule so established may, from time to time, be amended by the Trustees (but not during any coverage period) to sustain the financial integrity of the Trust or to reflect the desires of the members as determined by the Trustees.

SECTION IV. MUTUAL COVENANT OF RISK SHARING

The members intend this Agreement as a mutual covenant of risk sharing and not as a partnership. No member by reason of being a member of the Trust and contributing to the pool shall be liable to the Trust, to any other member, or to any claimant, except for the payment of the premiums and/or contributions provided for in its application for membership and joinder in this Trust and for any necessary additional assessments levied by the Trustees to offset a claims fund deficiency.

SECTION V. ADMINISTRATOR

The Executive Committee of the North Carolina Health Insurance Pool shall oversee day-to-day management of the Trust and shall have the authority to contract with third parties for provision of services to carry out the functions of the Trust. The Executive Committee may establish offices where necessary within the State of North Carolina and employ staff to carry out the Trust's purpose. The Executive Committee or its delegate shall deposit to the account of the Trust at any financial institution or financial institutions designated by the Trustees all premiums and/or contributions as collected and such monies shall be disbursed and/or invested only as provided by the rules, regulations, policies, and bylaws of the Trust. The Executive Committee may enter into financial services agreements with financial institutions and issue checks in the name of the Trust.

SECTION VI. ADMISSION TO MEMBERSHIP; EXPULSION

All members of the Trust hereby agree that the Trustees may admit as members of this Trust only the units of local government set forth in North Carolina General Statutes 160A-460 *et seq.* (Part 1 of Article 20 of Chapter 160A). The Board of Trustees or Executive Committee shall determine whether or not an applicant shall be admitted to membership, in accordance with Article V of the Bylaws. Except as otherwise provided in Section VII(g) of this Agreement and in accordance with Article XVII of the Bylaws, a member may be expelled by the Trustees from the Trust only with the concurrence of at least two-thirds (2/3) of the entire membership of the Board of Trustees.

SECTION VII. RULES, REGULATIONS, POLICIES, AND BYLAWS; MEMBERS' RESPONSIBILITIES

The rules, regulations, policies, and bylaws for the administering of the Trust and the admission and expulsion of members shall be promulgated by the Board of Trustees. In addition, each member of the Trust agrees as follows:

- a) To make prompt payment of all premiums and/or contributions as required by the Board of Trustees pursuant to this Agreement, the Bylaws and any rules or policies of the Board of Trustees adopted in accordance therewith;
- b) To (and they do hereby) appoint the Board of Trustees and the Executive Committee as its agent and attorney-in-fact, to act in its behalf and to execute all contracts, reports, waivers, agreements, stop-loss contracts, and service contracts; to make or arrange for payment of claims and all other things required or necessary, as covered by the terms of this Agreement and the rules, regulations, policies, and bylaws as now provided or as hereafter promulgated by the Trustees;
- c) To permit the Trust to defend in the name of and on the behalf of the members any suits or other proceedings which may at any time be instituted against them for which the Trust may be obligated to make payment. It is agreed that the Trust shall make all final decisions regarding the legal defense of claims, and shall have absolute and conclusive authority with regard to defense, settlement, and payment of claims. It is agreed that the independent settlement or payment of any claim by or on behalf of a member without approval of the Trust shall be grounds for expulsion of the member from the Trust;
- d) To cooperate in all respects with the Trust, the Board of Trustees, the Executive Committee, and any contractors of the Trust in carrying out the purposes of this Agreement;
- e) To pay any assessment duly levied by the Board of Trustees under the terms of this Agreement. If a member cancels or withdraws from the Trust, the member shall pay its pro rata share of any assessment relating to the member's period of enrollment;
- f) In the event of the payment of any loss by the Trust under this Agreement, the Trust shall be subrogated to the extent of such payment to all the rights of the member against any person or other entity legally responsible for damages for such loss, and in such event the member agrees to render all reasonable assistance to affect recovery;
- g) Risk sharing by the Trust under the terms of this Agreement shall begin upon payment of the premium and/or contributions by the member to the Trust. Risk sharing and insurance purchased from this Trust under the terms of this Agreement shall expire and be cancelled

automatically for nonpayment of premiums and/or contributions, and a member may be expelled from the Trust following the expiration of a fifteen (15) day cure period and written notice by the Board of Trustees, the Executive Committee, or their designee delivered to the member in accordance with Section XVI of this Agreement and Article XVII of the Bylaws specifying the date that cancellation shall be effective. In accordance with Article XIX of the Bylaws, no payment shall be required of the Trust as a result of any covered loss of a participant of the expelled member occurring after the date of expulsion; and

- h) In order that an adequate reserve may be maintained, the members further agree that the Board of Trustees shall have the right to assess the members pro-rata in such amounts as will be sufficient to maintain at all times a minimum reserve, equal to at least twice the monthly premium and/or contributions for the insurance and benefits provided by the plan. Should a member fail to pay any assessment as provided for in this Section within thirty (30) days of the assessment date, all interest and claim of such defaulting member in and to the Trust shall automatically cease.

SECTION VIII. ALLOCATION OF MONIES

The Board of Trustees is authorized to set aside from the contributions collected from members a reasonable sum for the operating and administrative expenses of the Trust. Monies in excess of those required to fulfill the purposes, costs, and other obligations of the Trust will be accumulated in the Trust or distributed to the members at the discretion of and in the manner provided by the Board of Trustees.

SECTION IX. FISCAL YEAR; CONTINUING CONTRACT; WITHDRAWAL OF MEMBERS SUBJECT TO PROVISION OF 90 DAYS' WRITTEN NOTICE

The Trust shall operate on a fiscal year from 12:01 a.m., July 1st to midnight on June 30 of the succeeding year (the "Trust Year"). Application for membership, when approved in writing by the Trustees or their designee, shall constitute a continuing contract for each succeeding Trust Year unless cancelled by the Board of Trustees, or unless the member shall have resigned or withdrawn from the Trust by having written notice delivered to the Executive Committee or its designee on or before March 31 (i.e., the written notice must be delivered to the Chair of the Trust in accordance with Article XVIII of the Bylaws, at least ninety (90) days prior to the last day, June 30, of the Trust Year).

SECTION X. MEMBERS BOUND BY AGREEMENT; TERMINATION PERMITTED ONLY AT END OF FISCAL YEAR; FINAL ACCOUNTING

Any member who formally applies for membership in this Trust and is accepted by the Board of Trustees shall thereupon become a party to this Agreement and be bound by all of the terms and conditions hereof, and such application shall constitute a counterpart of this Agreement. Cancellation of the Agreement on the part of any member, or withdrawal from membership, shall be permitted only at the end of a fiscal or Trust Year except as specifically permitted by the Bylaws. A terminating member is entitled to a final accounting when all incurred claims are concluded, settled, or paid.

SECTION XI. EXTENT OF INSURANCE BENEFIT TO PARTICIPANTS

No participant of a member or any person claiming by or through or under such participant shall have any right, title, or interest in or to the Trust or any part thereof: provided, however, that any participant who shall be actually covered by the policies of insurance of any person claiming by or through such participant shall, subject to the terms and conditions of the plan of insurance and benefits under which the coverage is afforded, be entitled to the insurance benefits in the amount and to the extent provided.

SECTION XII. INTENTION OF INDEFINITE OPERATION; RESERVATION OF RIGHT TO TERMINATE TRUST; REVERSION OF MONIES OR OTHER ASSETS UPON TERMINATION

This Trust has been established with the bona fide intention that it shall be continued in operation indefinitely and that the premiums and/or contributions to the pool shall continue for an indefinite period. However, the Board of Trustees reserves the right at any time to terminate the Trust by a written instrument to that effect executed by the Board of Trustees. In the event of such termination, member premiums and/or contributions (other than duly authorized assessments) shall cease as of the date of termination and the assets then remaining in the pool shall continue to be used and applied, to the extent available, for the:

- a) payment of benefits to participants with respect to claims arising prior to such termination and administrative and other expenses and obligations arising prior to such termination; and
- b) payment of reasonable and necessary expenses incurred in such termination.

Any monies or other assets thereafter remaining in the pool shall revert to the members of the Trust as of the date of termination pro-rata to the annual premiums and/or contributions of said members paid in the year of termination. Upon such termination, the Board of Trustees shall continue to serve for such period of time and to the extent necessary to effectuate termination of the Trust.

SECTION XIII. AMENDMENT OF AGREEMENT

This Agreement may be amended by the concurrence of at least two-thirds (2/3) of the entire membership of the Board of Trustees. Written notice of any amendment proposed for adoption by the Board of Trustees shall be delivered to each member in accordance with Section XVI of this Agreement not less than 30 days in advance. Written notice of amendments finally adopted by the Board of Trustees shall be delivered to each member in accordance with Section XVI of this Agreement not more than 30 days after adoption.

SECTION XIV. HEADINGS

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

SECTION XV. INTERPRETATION

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

Should any clause, sentence, provision, paragraph, or other part of this Agreement be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Agreement. Each of the parties declares that it would have entered into this Agreement irrespective of the fact that any one or more of this Agreement's clauses, sentences, provisions, paragraphs, or other parts have been so declared invalid. Accordingly, it is the intention of the parties that the remaining

portions of this Agreement shall remain in full force and effect without regard to the clause(s), sentence(s), provision(s), paragraph(s), or other part(s) invalidated.

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

This Agreement together with the Bylaws (as the same may be amended from time to time) contains the entire agreement between the parties, whom shall not be bound by any verbal statement or agreement made heretofore.

SECTION XVI. MEMBER REPRESENTATIVES; NOTICES

There shall be a Member Representative for each member of the Trust who shall be the agent of the member for purposes of giving and receiving notices required or permitted pursuant to this Agreement. Each member shall designate a Member Representative and provide the member's postal mailing address and, if applicable, a facsimile number and electronic mail address to which the Executive Committee may provide notices hereunder. The Executive Committee shall provide forms, as needed, for use by the member in designating its Member Representative and providing its address information. Such information may be updated at any time there is a change in the information provided thereon. Until such time as different information is provided, the Member Representative shall be the member's chief administrative official as shown on the records of the Trust, and the member's postal mailing address, facsimile number and electronic mail address also shall be that as shown on the records of the Trust. For purposes of illustration and not limitation, a chief administrative official shall be considered to be a manager, administrator, clerk or executive director as may apply with respect to a particular member.

Any notices required or permitted by this Agreement shall be in writing and may be given: in person, by United States Postal Service, by facsimile, or by electronic mail. Notices shall be deemed delivered: (a) when received if delivered in person, (b) three business days after being deposited with the United States Postal Service, postage prepaid, properly addressed to the party to whom such notice is intended to be given at the address established under this Section, (c) on the date sent if given by facsimile, provided that an electronic confirmation of delivery has been received by the sender and that a copy of such notice was also sent on such date by mailing, or (d) on the date sent if given by electronic mail, provided a copy of such notice was also sent on such date by mailing and receipt of the electronic mail is acknowledged by the receiving party by return electronic mail. Notices provided to the Trust shall be delivered, addressed or directed as follows, or to such other address as designated by the Executive Committee in written notice to the member provided in accordance with this paragraph:

North Carolina Health Insurance Pool
Attention: Chair of Board of Trustees
C/o: Kelsey Mayo, Esq.
301 S. College Street, Suite 2900
Charlotte, NC 28202

**NORTH CAROLINA HEALTH INSURANCE
JOINDER OF MEMBER**

IN WITNESS WHEREOF, the municipal entity listed below certifies that its membership in the Trust has been approved by an authority duly authorized in such municipality, acknowledges its membership in the Trust, and accepts all obligations of a member hereunder, by the due execution hereof by its duly authorized official.

Town of Pineville
(NAME OF PARTICIPATING ENTITY)

Signature: _____

Name: _____

Title: _____

Date: _____, 2026

ACCEPTED BY:

North Carolina Health Insurance Pool

BY: _____

Name: _____

Title: _____

(Executive Committee Member)